

Energy News Monitor

DOMESTIC COAL PRODUCTION: LESS IS MORE? Monthly Coal News Summary: June 2016

India

Coal India Limited (CIL)'s choice now between the devil and the deep blue sea. On the one hand, the visible hand of the Government is exerting tremendous pressure on CIL to achieve the target of 1 billion tonnes (bt) coal production by 2020 while on the other hand. On the other hand there is the invisible hand of the market signalling that it cannot absorb a large increase in the supply of coal. What the State appears to have underestimated is the power of the invisible hand over its own iron hand. News reports in June confirmed CIL's dilemma. CIL's coal output in June was reported to be 42.72 million tonnes (mt) which was 99% of its target of 43.31 mt for June. Between 2010 and 2014 CIL production increased only by 31 mt while it recorded an increase of 32 mt in 2015-16 alone which was a growth rate of 9.8% a year. The Government of India has set CIL a target of 598 mt production for the current financial year (2016-17). Total coal output increased to 626 mt in 2015-16 of which 90% was from state owned companies under CIL. There was also more news confirming the expectation that India is well on its way to hit the target of producing 1 bt of coal by 2020 based on a report from PricewaterhouseCoopers (PwC) a consultancy. The PwC report argues that production from 535 mines should add up to 908 mt of coal close to the target of 1 bt. The increase in coal production has increased available coal stock with power plants from hardly 3-7 days earlier to over 24 days. But this state

driven boost in supply did not automatically translate in to increase in demand. Many power generators from States such as Uttar Pradesh, West Bengal, Haryana and Maharashtra are reported to have written to CIL asking it to back down coal supply as they are facing low demand for power and in addition have run out of space for storing coal. CIL is reported to be trying to promote higher quality coal at a higher price to make up for the shortfall in demand for cheap coal. This will probably put CIL in competition with imported coal. The government is also seems to be lending a helping hand by increasing flexibility in how state owned companies use coal linkages and also by increasing options for private power generators.

Given the increase in domestic coal production it is not a surprise that import of coal falling (please refer to Data Insight). Import of coal is reported to have fell from 212 mt in 2014-15 to 193 mt in 2015-16. Of the total coal imports 80% was thermal coal. It is probably safe to say that coal imports in India may have peaked after demonstrating unprecedented growth in the last ten years. Between 2011 and 2016 alone coal imports increased by 25%. While India's coal imports are showing a declining trend, it was also reported that India's coal imports may be shifting from quantity to quality. Thermal coal importers in India were reported to have shifted their preference to higher quality coal from Australia, South Africa, Columbia and Russia from inferior quality coal from Indonesia. As per calculations by some analysts the

QUICK FACT

USA imports (366 million tonnes) closer to two times of the India's crude oil consumption

calorific value of imported coal has not declined as much as the tonnage of coal imports. Though Indonesia continued to remain the largest exporter with 36.72 mt coal exports to India in the first five months of 2016, this was 20% lower than the 46.9 mt supplied in the same period last year. South Africa on the other hand increased export of 16.58 mt higher quality coal which was an increase of 26% over last year. Even Russia and Columbia have increased their export of coal to India. There was also positive news on the long-pending Jharsuguda-Barpali railway line in Odisha, one of the three critical links for faster transportation of coal in June. The link is expected to become operational next month. The other rail lines, Tori-Shivpur link in Jharkhand and East-West corridor in Chhattisgarh are expected to be completed by the end of this year. The three critical rail lines are expected to transport more than 200 mt of coal eventually.

Rest of the World

Coal was not an exception to the Brexit euphoria. It was reported that the change in Government in UK may improve prospects for coal power generation at the cost of renewable energy. Free from the EU mandate of phasing out coal by 2025 the UK may be in a position to bridge the anticipated gap between supply and demand for power with efficient coal based power plants. The other positive news for coal was that of Dubai's Hassyan Energy Company, a joint venture between Dubai Electricity & Water Authority and ACWA Power Harbin Holding Company that is reported to be setting up a 2400 MW 'best in class' clean coal power plant. Dubai aims to have about 7% of its power from clean coal and 61% from gas by 2050. Hassyan Clean Coal IPP will be the first clean coal power plant in the Middle East. The ultra-supercritical plant is expected to deliver best in class performance on efficiency, output and adherence to global environmental best practices.

Russian's Gazprom was reported to have commissioned two new coal-fired power units in Russia totalling 1 GW. The group commissioned a 330 MW unit at the Novochoerkasskaya and a 660 MW unit at the Troitsk power plant in the Chelyabinsk region. Poland, the coal rebel from Europe, was reported to be drafting legislation to help its coal-fired power producers to invest in new generating capacity. Coal power plants currently generate more than 80% of electricity in Poland, but many are old and need to be replaced to avoid power shortages in the

future. 4 GW of coal power capacity is under construction in Poland. Poland has 39 GW installed coal based power generation capacity. Wholesale electricity prices in Poland are said to be too low to justify new investments and so the government is working on a scheme to provide them with incentives. But this will need approval from the European Commission as it might count as state aid. Japan too was reported to be burning record amounts of coal for electricity generation with plans to use even more to fill the gap after the Fukushima disaster paralysed its nuclear sector. However some of Japan's powerful trading houses are said to be cutting or freezing coal investments over concerns about the studies that say that fossil fuel investments will become stranded assets. Japan recently gave environmental approval to three more coal-fired power plants out of 45 planned, though it agreed in Paris to cut carbon emissions by 26% by 2030 from 2013 levels. On the darker side, coal used to generate power in the United States was reported to be at its lowest monthly level since 1978 according to the U.S. Energy Information Administration (EIA). Coal-fired power plants generated only 72.2 million MWh in April their lowest since April 1978. Natural gas surpassed coal as the United States' top fuel source for the third straight month, producing 100.0 million MWh in April. Of the total 293.3 million MWh generated in April, gas accounted for 34% and coal for 25%. Ten years ago, coal produced 50% of the nation's power supply, while gas accounted for just 19%. After shutting a record 17,500 MW of coal-fired power plants in 2015, energy companies in USA are reported to be planning closure of more than 13,000 MW of coal capacity this year on account of favourable gas prices, stringent environmental regulations and slowing demand. South Korea too announced closure of 10 ageing coal-fired power plants by 2025. Coal accounts for 40% of South Korea's electricity supplies. In Paris, South Korea agreed to reduce emissions by 37% by 2030. However South Korea is committed to building 20 new coal-fired plants by 2022. The share of total installed power capacity from coal was expected to fall from 26.2% by 2029 from 28% in 2015. While anti-fossil fuel activist groups are interpreting these developments as consequences of conscious policy driven shifts away from coal, it is the economics that is really driving the shift. If natural gas was exorbitantly expensive as it was just a decade ago, both USA and Korea would have been burning coal for power generation.

NATIONAL: OIL & GAS

Upstream

RIL's block holds 3.7 times established gas reserves: Niko

July 12, 2016. RIL's flagging eastern offshore KG-D6 block holds 3.7 times more established gas reserves at 2.6 trillion cubic feet, the company's minority partner Niko Resources said. Niko, which holds 10 percent interest in the KG Basin block, in its earnings statement for 2015-16 fiscal said its share of proved reserves in KG-D6 block stands at 265 billion cubic feet of gas equivalent. After adding probable reserves, this jumps to 406 billion cubic feet of gas equivalent. RIL, which is the operator of the block with 60 percent interest, has so far brought to production only two gas and one oil discoveries out of the 19 find it had made so far. Hydrocarbon reserves are classified as proved (P1), probable (P2), or possible (P3) depending on their potential for being converted into actual production. P1 reserves are one which have 90 percent certainty to be produced while probable reserves are one with 50 percent certainty. P3 reserves are one with just 10 percent chance of being produced. (energy.economictimes.indiatimes.com)

Cairn Energy seeks \$5.6 bn compensation from India in tax row

July 12, 2016. British explorer Cairn Energy has sought \$5.6 billion in compensation from the Indian Government for retrospective taxation of on 10-year old internal reorganisation of its India unit. It sought \$1.05 billion compensation for the loss of value its 9.8 percent shareholding in its erstwhile subsidiary Cairn India suffered after the Income Tax Department demanded the tax in January 2014 and attaching the shares. The British firm sold majority stake in Cairn India to Vedanta Resources in 2011 but still holds 9.8 percent stake in the company, which was attached by Income Tax Department. The department's final assessment order earlier this year included an interest of ₹ 18,800 crore in addition to ₹ 10,247 crore principal tax amount. The Income Tax Department claims that Cairn made capital

gains of ₹ 24,503.50 crore in restructuring the company. (www.tribuneindia.com)

ONGC mulling to relax eligibility criteria for hiring rigs

July 11, 2016. Oil & Natural Gas Corp (ONGC) is looking at relaxing eligibility criteria for hiring rigs in a move that could potentially put at risk the high stake business, casting doubts on its rationale given that rigs are available easy and cheap and the state run explorer can actually be more selective than ever. So far rigs that have been lying idle continuously for three years or more were not eligible to bid for ONGC jobs due to safety concerns. The change in clause, if approved, would allow rigs that have been lying idle for over three years, if they can produce certificate proving their fitness. Industry is surprised by the timing of ONGC's decision as there is oversupply of rigs and the company does not need to relax norms, especially at the cost of safety. (energy.economictimes.indiatimes.com)

Downstream

Petrol pump owners seek 'one nation one rate' for fuel

July 12, 2016. Fuel pump owners in the country have demanded 'one nation one rate' for petroleum products in order to eliminate disparity in prevailing prices of petrol and diesel. All India Petroleum Dealers Association President Ajay Bansal said that because of different VAT rates prevailing in states, there was a disparity in fuel prices, which vary between 60 paise and ₹ 4 per litre in case of diesel and ₹ 1 to ₹ 7.50 per litre for petrol. Bansal said maximum tax on petrol is levied by Tamil Nadu state, which is about 35 percent while Goa imposes lowest rate of tax on the commodity. In case of diesel, Haryana charges lowest tax while states like Rajasthan and West Bengal levy 20-24 percent tax which is in higher tax slab, he said. The association, which claims to be a national body representing more than

52,000 petrol pumps in the country has been holding meeting with chief ministers and state finance ministers to convince them to bring parity in retail price of petroleum products. A delegation led by Bansal met Punjab Finance Minister Parminder Singh Dhindsa in this regard and sought minister's support on the issue. Bansal said Dhindsa had assured the delegation to consider their demand to lower tax rate on petrol which was the second highest in the country after Tamil Nadu. (economictimes.indiatimes.com)

Asian oil refiners cut output to fight oversupply

July 11, 2016. Oil refiners in Asia are processing less crude as they grapple with margins that plunged to five-year lows after the region was flooded with supply of refined products and as slowing economic growth hits demand for fuels. Asian refiners typically increase utilisation rates from July after carrying out regular maintenance in the second quarter, building stocks of fuels such as diesel and gasoline to meet demand that peaks in summer. But this year, several Asian refiners are maintaining or reducing crude throughput in July and August after refineries around the region in the first quarter binged on the cheapest crude in over a decade, swamping Asia with excess fuel, analysts said. (www.business-standard.com)

India stares at oil deficit in 15 yrs: IOC

July 11, 2016. India, a net exporter of oil products, may not have any surplus capacity in 15 years going by the current rate of consumption and planned expansion, Indian Oil Corp (IOC) said. India has a capacity to refine

QUICK COMMENT

India wouldn't be looking at a deficit in oil product production if the market was deciding capacity rather than five year plans!

Ugly!

230 million tonne (mt) a year. IOC said this will rise to 300 mt by 2030 based on expansion of existing facilities. The government is assessing the feasibility of building a new, giant refinery of 60 mt on the west coast, which can significantly change the demand supply situation once it

is erected. In 2015-16, consumption of petroleum products rose 11% to 183 mt against a production growth of just 4.5%. Of the total output of about 230 mt, a tenth is consumed by refineries internally with the balance made available for domestic consumption and exports. The demand for energy is expected to stay strong in an economy that is expanding at 7.6%, throwing up opportunities for refiners to expand. The government recently set up a committee to prepare a report for enhancing state refinery capacity by 2040. IOC plans to add about 20 mt in the next five years to take its capacity to 100 mt. Other state firms, Bharat Petroleum and Hindustan Petroleum, too have major expansion plans. (economictimes.indiatimes.com)

Transportation / Trade

GAIL tenders for 6 LNG cargoes for 2017

July 12, 2016. GAIL (India) Ltd has launched a tender to buy six liquefied natural gas (LNG) cargoes for delivery in 2017, according to the tender document. The tender was issued on July 9 with bids due on July 15, and will be priced using a 10 percent indexation to Brent crude oil, plus a premium, the tender document said. Deliveries will be split between India's Dabhol and Dahej import terminals. The delivery windows for next year are January 17, March 17, May 17, July 17, September 17 and October 17, it said. The tender is valid until July 25. A separate tender by GAIL for spot supply was issued on July 8 seeking three cargoes for delivery in September and October this year. Bids for that tender are due on July 12 and valid until July 13. Indian importers have taken advantage of relatively low LNG prices to buy and provide additional supply to gas-starved domestic industries. (in.reuters.com)

India's biggest gas importer plans \$3 bn investment in overseas push

July 11, 2016. India's biggest gas importer Petronet LNG aims to spend up to \$3 billion in the next five years to expand overseas, setting up terminals in Bangladesh and Sri Lanka among other countries. Falling spot LNG prices have boosted consumption of the fuel in India and

triggered demand for LNG infrastructure in countries long shut out of the gas trade. Petronet has previously just focused on importing liquefied natural gas (LNG) for regasification at its plants at Dahej in Western Gujarat state and at Kochi in the southern state of Kerala. The company plans to invest 50 billion rupees to build a 5 million tonne a year (mtpa) terminal at Kutbdia in Bangladesh and company officials would visit Bangladesh on July 23 to take the proposal forward. Petronet submitted a proposal for a 1 mtpa floating LNG terminal in Sri Lanka, which wants a gas link for its 600 MW power plant. Rising Indian demand for LNG has prompted Petronet to operate its 10 mtpa Dahej plant at 120 percent capacity, meaning it is regassifying and selling an additional 20 percent gas. However, its Kochi plant is operating at a fraction of its 5 mtpa capacity as pipelines linking the terminal to industrial clients are not ready yet. India's current LNG consumption is about 58 million cubic metres a day (mcmd), up from about 45 mcmd last year and Petronet is on the lookout for overseas gas deals to meet rising Indian demand. Russia offered Petronet and other Indian companies a stake in the second phase of its Yamal LNG project. (www.reuters.com)

Gujarat Gas gains on gas distribution nod in Gujarat

July 8, 2016. Gujarat Gas was trading higher by 3% at Rs 559 on the BSE in otherwise weak market after the company announced that it has received approval from the Petroleum and Natural Gas Regulatory Board's (PNGRB) to lay, build, operate or expand city or local natural gas distribution networks (CGD) in Panchmahal and Anand districts of Gujarat.

The company has accepted both the authorization of the PNGRB vide confirmation letter to PNGRB on July 7, 2016, Gujarat Gas said. It has 25 years or 300 months of infrastructure exclusivity, valid up to July 2041, and 60 months of marketing exclusivity valid up to July 3, 2021, for each of the CGD network, it said. Earlier, on June 27, 2016 the company said that the oil regulator granted permission to set up operations of gas distribution in Ahmedabad. (www.business-standard.com)

Policy / Performance

NDA's first oil auction to see road shows in US, Canada

July 12, 2016. The government is holding road shows in Houston, United States of America and Calgary, Canada for promoting the Discovered Small Fields Bid Round 2016. Oil Minister Dharmendra Pradhan will visit Houston and Washington DC for two days. During the visit, he will launch the International Road-Show for the 67 Discovered Small Fields (DSF) in Houston. During the road show a data room will also be opened in office premises of ONGC Videsh Ltd (OVL) in Houston. Pradhan in his meeting with his US counterpart in Washington DC is likely to discuss issues of bilateral hydrocarbon cooperation. Pradhan will also hold interactions with various think-tanks working in the hydrocarbon sector in Houston and Washington DC. He will visit technology centres working in oil and gas spheres. Pradhan will be accompanied by chairmen of major government-owned oil companies and senior officials of the ministry of petroleum. Road shows are being organized in India and abroad to attract investors for the bidding round. (www.business-standard.com)

Oil Minister seeks cheap land from states for SC/ST pumps

July 9, 2016. Oil Minister Dharmendra Pradhan has sought land at concessional rates from states to enable state-run fuel retailers construct petrol pumps for Scheduled Castes (SC) and Scheduled Tribes (ST) aspirants. Pradhan has written to chief ministers, saying the lack of access to land is preventing efforts by the fuel retailers to provide source of livelihood to SC/ST candidates by encouraging their entrepreneurial attributes as part of 'affirmative action'. According to government data, only 2,906 out of the 5,994 locations advertised for SC/ST candidates received response in 2014-15. There was no response for 3,088 locations. There were 658 other cases where LoI (Letters of Intent) were issued but petrol pumps could not be started since no land was available. The minister has directed fuel retailers to take

land allotted by states on lease, make necessary construction work and also provide working capital loan for starting commercial operations. (energy.economictimes.indiatimes.com)

India is cutting oil deals worldwide

July 8, 2016. Indian Prime Minister Narendra Modi traveled to Tehran to sign a deal with the leaders of Iran and Afghanistan to develop a port on the Gulf of Oman, with India providing \$500 million in financing. India, though pressured to buy less oil from Iran, stayed close to the country during the sanctions. The port deal strengthens ties between Iran and India, which accounted for almost a third of Iran's oil exports in March. India's largest oil company, Oil & Natural Gas Corp (ONGC), completed a \$1.3 billion purchase of 15 percent of Vankor, one of the biggest Russian oil fields to go into production in the past 25 years. Three other companies—Oil India, Indian Oil, and Bharat Petroleum's Bharat PetroResources—agreed to buy 23.9 percent of Vankor. The rest is owned by Russia's top oil company, state-controlled Rosneft. The Indians aren't finished. Indian companies are considering buying a stake in Rosneft itself, Oil Minister Dharmendra Pradhan said. By taking stakes in overseas projects, India ensures local companies benefit from the money spent on imported oil and gas. Demand for oil is growing faster in India than anywhere else. It jumped 400,000 barrels a day in the first quarter, to 4.4 million barrels, accounting for almost 30 percent of the increase in worldwide consumption, the International Energy Agency (IEA) said. The IEA expects the country to account for 25 percent of global demand growth from 2013 to 2040. India imports more than three-fourths of its oil and about 40 percent of its gas, putting pressure on the rupee and the trade deficit. By 2022, Modi wants to reduce import dependence by 10 percent, so he's offering attractive terms to foreign companies to drill off India. (www.bloomberg.com)

RIL seeks govt nod to supply subsidised LPG

July 7, 2016. Reliance Industries Ltd (RIL) has sought the government nod to distribute subsidised cooking gas to

households in a bid to capture a fast-growing market where consumer base is targeted to expand by 60% in three years. RIL has recently written to the oil ministry expressing interest in distributing subsidised cooking gas to households, beginning with cities. The company has requested the government to treat it on par with state distributors such as Indian Oil and Bharat Petroleum on the subsidy front. At present, only state-run companies distribute subsidised cylinders as the government doesn't subsidise private players for selling cooking gas at lower than market rates. The oil ministry has asked its wing, Petroleum Planning and Analysis Cell (PPAC), to examine Reliance's request. At present, the state companies first recover full price for the gas cylinder from consumers and then within days transfer the subsidy amount to the customers' bank account. Within a month, the government reimburses companies for the total subsidy transferred. More than one crore consumers have already given up cooking gas subsidy in the country while many others with an annual income of more than ₹ 10 lakh — numbers haven't yet been declared by the government — have been barred from receiving the subsidy. For private players, this offers a ready market where non-subsidised consumers seek better services. But Reliance's plan is not to restrict itself to just these customers. If it gets government nod to distribute subsidised cooking gas, or liquefied petroleum gas (LPG), it can trigger a bitter battle for market share in cities long dominated by state companies. (economictimes.indiatimes.com)

LPG costlier by ₹ 14 in Assam after subsidy withdrawal

July 6, 2016. Assam government has withdrawn the partial subsidy of ₹ 14 on domestic Liquefied Petroleum Gas (LPG) cylinders and hiked the price of petrol by 76 paise per litre and diesel by ₹ 1.67 a litre. The state government has also increased VAT to 6 percent from 5 percent on 127 household goods with immediate effect. The government has increased VAT on 127 items under Second Schedule to 6 percent from 5 percent earlier. (indianexpress.com)

NATIONAL: POWER Generation

KKNPP attains criticality

July 11, 2016. The second reactor of Kudankulam Nuclear Power Project (KKNPP) attained criticality. Once the reactor starts generating 400 MWe of power, possibly within 45 days from the date of criticality, it is likely to be connected to the grid. Generation of power will be raised to 500 MWe, 750 MWe, 900 MWe and 1,000 MWe in stages. At every stage, various tests will be conducted and the technical parameters verified as mandated by the Atomic Energy Regulatory Board (AERB). The KKNPP submitted its reports to the AERB and got the nod for criticality after the Ministry of Environment, Forest and Climate Change experts, inspected the second unit and submitted their report to the Supreme Court. Tamil Nadu is expected to get a minimum of 462.50 MWe from the second unit. Having successfully accomplished the mission by operationalising the first two reactors, the KKNPP will pay more attention for commencing the work on the construction of the third and fourth reactors, each with a capacity of 1,000 MWe, at an outlay of ₹ 39,500 crore. (www.thehindu.com)

DVC, NLC JV for 1.2 GW Raghunathpur plant soon

July 8, 2016. The proposed joint venture (JV) between Damodar Valley Corp (DVC) and Neyveli Lignite Corp (NLC) for 1,200 MW (2x600) thermal power plant at Raghunathpur in Purulia district of West Bengal is expected to fructify soon, DVC said. (www.business-standard.com)

CCI clears JSW Energy purchase of JSPL's 1 GW power plant

July 6, 2016. JSW Energy has received fair trade regulator CCI's approval to acquire 1,000 MW power plant in Chhattisgarh from Jindal Steel and Power Ltd (JSPL). Under the deal announced in May, the Sajjan Jindal-led firm was to purchase the power plant in Raigarh for ₹ 6,500 crore with certain conditions. (www.businesstoday.in)

Transmission/Distribution/Trade

India's first smart grid to come up in Gurgaon

July 12, 2016. The government has set in motion the process of rewarding performing states under Ujwal Discoms Assurance Yojana (UDAY). It would extend support to the country's first smart grid project to be set up at Gurgaon in Haryana, which has been a performing state under the debt restructuring programme for state-owned power distribution companies. Besides, the NDA government expects interest rates to come down in near future which will help the states in further saving loan costs, Power Minister Piyush Goyal said. Goyal said the Maharashtra government would modify its earlier Cabinet decision of joining UDAY for only performance parameters. For the first phase of smart grid project, the government would extend a grant of ₹ 273 crore to the state. The assistance to Haryana would be given from the Power System Development Fund (PSDF) for ₹ 7,000 crore project, the first phase of which would cost ₹ 1,382 crore. (www.business-standard.com)

WBERC ropes in KEPCO for T&D loss study

July 9, 2016. West Bengal Electricity Regulatory Commission (WBERC) has roped in Korea Electric Power Corp (KEPCO) to undertake a study on the possibility of reducing transmission and distribution (T&D) losses in West Bengal-based power distribution companies. (energy.economictimes.indiatimes.com)

Kalpataru Power bags orders worth over ₹ 19 bn

July 7, 2016. Kalpataru Power Transmission has bagged order worth over ₹ 1,900 crore, the company said. The orders include a turnkey project for construction of 225 KV transmission line and substation in Republic of Senegal for about ₹ 1340 crore. The company bagged an order worth ₹ 575 crore for construction of 500 KV transmission line in Afghanistan. (economictimes.indiatimes.com)

Policy/Performance

Coal problems now history in India: Goyal

July 12, 2016. Coal problems are now history and the target is to further boost domestic production to cut down on the imports that will result in savings to the tune of ₹ 40,000 crore this year, Power Minister Piyush Goyal said. From 2-3 days stock of coal available to power plants to 51 days stock, it was a reflection of the hard work and commitment of all mine employees, Goyal said. In the last 2 years, the capacity of the Southern grid has

QUICK COMMENT

Declaring that coal problems are history may be premature; supply is only one of many problems of the coal sector!
Bad!

been increased by 71 percent, he said. Goyal said there were four ongoing power projects linking various states to bring surplus power from the central grid to Karnataka but these had been stalled for last several years due to demand of high compensation. Karnataka government had now agreed to provide all assistance to complete these projects. (indiatoday.intoday.in)

Delhi court allows firm's director to turn approver in coal case

July 11, 2016. A special court allowed the plea of New Delhi Exim Pvt Ltd Director Suresh Singhal to become an approver in a coal block allocation case allegedly involving former Congress MP Naveen Jindal and others. Central Bureau of Investigation (CBI) Special Judge Bharat Parashar permitted Singhal to become approver and asked the agency to further investigate the matter. The court also fixed August 10 for further hearing in the case. (timesofindia.indiatimes.com)

Power plant plan for Arunachal Pradesh

July 8, 2016. Arunachal Pradesh Power Minister T.N. Thongdok has advocated immediate submission of a proposal to the Union ministry of coal and mines for setting up a coal-pit thermal power plant at Kharsang in Changlang district. (www.telegraphindia.com)

Jharkhand aims to be power hub by 2019: Das

July 8, 2016. Jharkhand is aiming to become power hub of the country by 2019 and expecting to attract investments to the tune of ₹ 2 trillion over the next 3-4 years. Adani Group alone has committed to invest ₹ 50,000 crore in various power projects in the state which

QUICK COMMENT

Jharkhand can and should become a power hub for the nation; its cheap pit head plants can enable 'making in India'!
Good!

include a 1,600 MW plant and a coal-based methane gas power plant, Jharkhand Chief Minister Raghubar Das said. Besides, the work is under progress for setting up a 4,000 MW power plant by NTPC, a central PSU, with an investment of ₹ 60,000 crore, Das said. (timesofindia.indiatimes.com)

India poised to ramp up nuclear energy sector: Goyal

July 7, 2016. India is looking at ramping up nuclear energy production in a big way with renewed thrust on clean energy resources, Power Minister Piyush Goyal said. He said there was need to do away with fear psychosis and cited example that Kerala does not permit any nuclear station while in Jaitapur in Maharashtra there is an agitation going on. (www.business-standard.com)

Revise coal royalty without further delay, says Odisha to Centre

July 6, 2016. Batting for the coal bearing states, Odisha government asked the Centre to revise the coal royalty without further delay besides share in the Clean Environment Cess.

Stating that the coal bearing states contribute to the country's requirement of power and power-intensive industrial sectors, Chief Minister Naveen Patnaik said these states have to face the adverse effect of mining such as displacement of people, particularly tribals, reduction in forest area, greater risks of environmental pollution and strain on water resources and infrastructures. (www.firstpost.com)

INTERNATIONAL: OIL&GAS

Upstream

Premier Oil production could finish above guidance in 2016

July 12, 2016. Premier Oil's full year production is expected to be at or above its output guidance rate of between 65,000 and 70,000 barrels of oil equivalent per day (boepd), following "strong production" during the first half of the year. The company posted an average output of 61,000 boepd during the first six months of the year, with recent record rates above 80,000 boepd. The Premier-operated Catcher project remains scheduled to deliver first oil in the second half of 2017. The company forecasts capex to first oil of \$1.3 billion and total project capex of \$1.8 billion, which is a 20 percent reduction on the original sanctioned estimates. (www.rigzone.com)

MOL finds condensate, gas at Makori East-05 well in Pakistan's TAL block

July 12, 2016. Pakistan Oilfields Ltd reported that Hungary's oil and gas firm MOL, operator of the TAL block in Pakistan, has found condensate and gas at Makori East-05 development well, the company said. During testing, the well flowed 2,836 barrels per day of condensate, 19.26 million standard cubic feet per day of gas with 121 barrels per day of water at 40/64 inch fixed choke size at a flowing wellhead pressure of 2,718 psi (pounds per square inch). Pakistan Oilfields said the well, currently in the cleaning phase, is expected to commence production from September. (www.rigzone.com)

EIA cuts 2016 US oil demand growth forecast

July 12, 2016. The U.S. Energy Information Administration (EIA) cut its forecast for U.S. oil demand growth in 2016, and increased its demand growth forecast for 2017. U.S. oil demand is expected to grow 160,000 barrels per day (bpd) in 2016, compared with previous expectations for 220,000 bpd. Demand will grow 120,000 bpd in 2017, compared with 60,000 bpd previously. U.S. petroleum and liquid fuel consumption will still reach an average of 19.68 million bpd in 2017. The price decline

will encourage driving, accounting for some demand growth this year, even if it is more moderate than the growth previously expected.

Globally, the agency cut its 2016 world demand forecast by 10,000 bpd to a 1.44 million bpd year-on-year increase, and raised its 2017 world demand growth forecast by 20,000 bpd to a 1.49 million bpd rise. Crude production is expected to fall to 8.61 million bpd in 2016, compared with 8.60 million bpd forecast previously. In 2017, crude production will further decline to 8.20 million bpd, versus 8.19 million bpd forecast previously. (www.reuters.com)

Newgrange prospect could hold 13.6 trillion cubic feet of gas

July 12, 2016. Irish based oil and gas exploration company Providence Resources plc revealed that the Newgrange prospect, located in the Goban Spur Basin, could hold un-risked prospective resources of 13.6 trillion cubic feet of gas.

The revised volumetric estimation, which is part of a joint exploration collaboration project with Schlumberger, incorporated recently acquired 2D long offset seismic reflection profile data. (www.rigzone.com)

Beach Energy flows first gas from Udacha field in Cooper Basin

July 11, 2016. Beach Energy Ltd commenced first production from the Udacha gas field in PRL 26 license in the Cooper Basin, South Australia, joint venture partner Rawson Resources Ltd disclosed. The Udacha-1 well has been tied back as a producing well to the Middleton production facility, with initial production expected to stabilize at 1.0 million standard cubic feet per day and rising to 1.6 million standard cubic feet per day when compression is available at Middleton in early 2017.

Rawson has a 10 percent interest in the permit block and the Udacha-1 gas production will provide the firm with its first production revenues. (www.rigzone.com)

Exxon said to join Qatar to look at giant Africa gas deal

July 6, 2016. Exxon Mobil Corp and Qatar Petroleum have teamed up to look at energy assets in Mozambique, home to some of the biggest natural-gas discoveries in a generation. The companies are considering buying stakes in gas fields owned by Anadarko Petroleum Corp and Eni SpA. Exxon has already established a presence in Mozambique after winning three offshore exploration licenses in October for blocks to the south of the Anadarko and Eni finds. The U.S. company has a working interest in Statoil ASA's Block 2 in Tanzania, north of the Rovuma Basin. (www.bloomberg.com)

Downstream

Cuban-Venezuelan oil refinery at Cienfuegos to be partially shut: PDVSA

July 12, 2016. Cuba's 65,000 barrels per day (bpd) Cienfuegos refinery will be partially shut for 120 days this year due to maintenance and produce only minimum output, a top official at Venezuelan state oil firm PDVSA said. The Soviet-era refinery, a joint-venture with Venezuela, is currently running at its minimum output capacity of 50,000 bpd, PDVSA said. (www.reuters.com)

Sinopec says more than 500 gas stations damaged by floods

July 11, 2016. Sinopec Corp, Asia's largest oil refiner, said that more than 500 of its gas stations have been damaged and some refinery equipment temporarily shut due to severe flooding across central and southern China. More than 300 gas stations have been closed since mid-June, while more than 250 gas stations are not safe for use due to the floods, China Petroleum and Petrochemical Corp, or Sinopec, said. Sinopec's Wuhan refinery, in central China, closed some hydrogenation equipment and part of a crude refining unit after some pipelines were inundated by water, it said. Sinopec said that crude throughput would be lower this year compared with last year. Three oil storage facilities in eastern Anhui province were submerged in 1-metre-deep water. (www.reuters.com)

Transportation / Trade

Shell-led group delays decision on Canada gas export plan

July 12, 2016. Royal Dutch Shell Plc and its partners delayed for the second time this year a final investment decision on a terminal to export liquefied natural gas from Canada's Pacific Coast to Asian markets. A glut of LNG is emerging globally as ventures start up in Australia and the U.S. Analysts have cast doubt on Canada's ability to deliver LNG exports this decade, even as the nation's gas producers yearn for a new outlet because U.S. output increasingly pushes them out of their traditional market. A global oil market downturn is also restricting companies' ability to spend on megaprojects.

The spread between the selling price for LNG in Asia and the gas price in Canada -- a margin that helps measure profit -- has been cut in half from about \$12 per million British thermal units in 2014, LNG Canada Chief Executive Officer Andy Calitz said. Some recovery is required for the project to be viable, he said. The group had previously postponed the decision in February, when it said it would rule on whether to proceed with construction by the end of 2016. (www.bloomberg.com)

Oil and shipping markets on edge after South China Sea ruling

July 12, 2016. Global oil and shipping markets reacted nervously after an international arbitration court ruled against Beijing's claims across large swathes of the South China Sea, fuelling geopolitical tensions in the vital waterway. A tribunal in The Hague, Netherlands, found China had breached the sovereign rights of the Philippines and had no legal basis to its historic claims in the South China Sea, a major shipping lane between Europe, the Middle East and Africa. The deep waters of the South China Basin between the Spratly and also-disputed Paracel Islands are the most direct shipping lane between northeast Asia's industrial hubs of China, Japan and South Korea and Europe and the Middle East. The geography of the region offers few economically viable

alternative routes for large oil tankers or dry-bulk ships and container ships. (www.reuters.com)

OPEC sees tighter 2017 oil market

July 12, 2016. Organization of the Petroleum Exporting Countries (OPEC) gave an upbeat outlook for the oil market in 2017, saying global demand for its crude would be higher than its current production and pointing to a supply deficit rather than a sizeable surplus that has weighed on prices. However, the OPEC in a monthly report also cut its forecast for world economic growth this year, citing increased uncertainty following Britain's vote to leave the European Union and said the pace of oil demand growth would slow slightly next year, in its first 2017 forecast. Other forecasters including the International Monetary Fund have cut economic growth outlooks following the UK referendum. Concern about the economic impact of Brexit has weighed on oil prices, which at \$47 a barrel have fallen from a 2016 high close to \$53 in early June. World oil demand will rise by 1.15 million barrels per day (bpd) in 2017, OPEC said, its first forecast for next year in the monthly report. That marks a slight slowdown from growth of 1.19 million bpd expected in 2016. Oil prices have halved from two years ago in a drop that deepened after OPEC refused in late 2014 to cut output to support prices, hoping that cheaper oil would curb higher-cost rival supply such as U.S. shale. Despite a "dampening effect" of Brexit on the world economy next year, OPEC's 2017 market outlook suggests the strategy is working as it expects oil supply outside the group to fall further, helping to boost demand for its own crude. Top exporter Saudi Arabia told OPEC it raised output to 10.55 million bpd in June. The kingdom said it pumped 10.56 million bpd, a record, in June last year. (www.reuters.com)

Supertankers loading oil at Iraq's Basra port after pipeline leak repair

July 12, 2016. Two supertankers are loading crude at Iraq's southern port of Basra, resuming operations after a brief outage caused by an oil pipeline leak that has been repaired. Supertankers Front Commodore and New Frontier are currently loading oil at the Basra Oil

Terminal. The Iraqi oil ministry said the leak at Iraq's southern port of Basra had been repaired and pumping had resumed without affecting exports. (www.reuters.com)

Chevron says Gorgon LNG export plant still suspended after leak

July 12, 2016. Production remains suspended at Chevron Corp's \$54 billion liquefied natural gas (LNG) Gorgon export facility in Australia following a gas leak nearly two weeks ago, the company said. Gorgon had stored LNG and was still able to export its second ever cargo 3 aboard the Marib Spirit tanker, but there have been no exports since. Gorgon is a joint venture of the Australian subsidiaries of operator Chevron with a 47.3 percent stake, ExxonMobil and Shell with 25 percent each, Osaka Gas at 1.25 percent, Tokyo Gas at 1 percent and Chubu Electric Power at less than 0.5 percent. It will have the capacity to produce 15.6 million tonnes of LNG per year, after a second and third production line, known as trains, are added in 2017. (www.reuters.com)

Southern expands gas footprint with \$1.5 bn kinder deal

July 11, 2016. Kinder Morgan will continue to operate the 7,600 mile (12,000 kilometer) system that connects gas fields across the U.S. Gulf Coast and Gulf of Mexico to markets in the Deep South including some where Southern operates, the companies said. Southern's stake has an implied value of \$1.47 billion, based on a debt-inclusive total enterprise value of about \$4.15 billion for the pipeline system, the companies said. (www.bloomberg.com)

Nigerian oil trade union leaders hold talks with govt over strike

July 11, 2016. Leaders of a Nigerian trade union whose members are on strike held talks with government officials aimed at resolving the dispute, the Nigerian National Petroleum Corp (NNPC) and a union leader said. The strike by about 10,000 Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) members, including refinery workers and office staff,

began over issues the union said were "critical to the survival of the oil and gas industry in the country". The industrial action has raised fears there could be fuel shortages in the OPEC member country which prompted NNPC to caution the public against panic fuel purchases. PENGASSAN said it decided to strike over issues such as joint venture funding and cash call arrears, which it said had stalled the creation of new jobs and investment in the sector. (af.reuters.com)

Saudi Arabia to keep August crude supply to Asia steady

July 10, 2016. Saudi Arabia, the world's top crude exporter, will supply full contracted volumes of crude oil to at least two Asian term buyers in August, unchanged from July. The move was expected as the OPEC kingpin has supplied full contractual volumes to most Asian buyers since late 2009. (www.reuters.com)

Keppel, Shell form Singapore LNG bunkering JV

July 7, 2016. Keppel Corp Ltd said it entered into an agreement with Royal Dutch Shell to form a joint venture (JV) company, which will establish a liquefied natural gas (LNG) bunkering business in Singapore. The two companies will have a 50 percent stake each in the joint venture. Its principal business activity will be to supply LNG bunkering operations services in Singapore to ships and any other marine vessels in the Singapore port and other related services, Keppel said. (www.reuters.com)

US crude oil exports hit record 662k bpd in May: Census Bureau

July 6, 2016. U.S. crude oil exports rose to a record 662,000 barrels per day (bpd) in May from 591,000 bpd in April, foreign trade data from the U.S. Census Bureau showed.

Canada accounted for the most U.S. crude exports at 308,000 bpd, followed by the Netherlands at 110,000 bpd and Curacao at 67,000 bpd. Other prominent destinations were Britain at 36,000 bpd, Japan at 29,000 bpd and Italy at 23,000 bpd. The total export figure was the highest on record since at least 1920, according to U.S. government data. (www.reuters.com)

Trade house Trafigura loads first cargo of Iranian crude

July 6, 2016. Trading house Trafigura has loaded its first major cargo of Iranian crude oil for delivery to Asia. Trafigura loaded the crude onto the Olympic Target tanker, capable of holding 2 million barrels of oil at the end of June. The tanker left Iran's main export terminal Kharg Island and was now heading to Asia. Iran's state oil firm is strict about the re-selling of its crude once it has reached an agreement with a buyer, which complicates deals with trading houses. With this cargo, Trafigura appears to have beaten its competitors Glencore and Vitol in securing a deal. Trafigura overtook Glencore to become the world's second biggest independent oil trader. Oil majors Shell and Total are among the European refiners that have resumed buying Iranian oil. (www.reuters.com)

Policy / Performance

Kuwait plans to sell stakes in as many as four oil-company units

July 12, 2016. Kuwait is taking steps to sell minority stakes in as many as four units of the state oil producer as the Middle Eastern government plans to tap global capital markets for funds and improve efficiency in its most important industry. The government has a four-year plan to organize and execute sales of shares in the international units and the shipping and chemical arms of Kuwait Petroleum Corp, Anas Al-Saleh, acting Oil Minister, said. KPC, responsible for the country's 3 million barrels of daily crude output, won't be part of the sale, he said. The government, which would keep majority control of the energy companies once it listed their shares, is preparing for the initial public offerings even as it studies in greater detail which businesses to sell and when, Al-Saleh said. (www.bloomberg.com)

Saudi Energy Minister says oil price above \$50 needed for investment

July 12, 2016. The oil industry needs a price of more than \$50 per barrel to sustain investments, Saudi Energy

Minister Khalid al-Falih said. Falih said the oil markets were rebalancing thanks to output drops in countries such as the United States but it would take a long time before balance was achieved. (www.reuters.com)

Iran advisory body approves new O&G contract

July 12, 2016. Iran's new oil and gas (O&G) contract was approved after some amendments by the Resistance Economy Headquarters, a top government economic advisory body. The Iran Petroleum Contract (IPC) is a cornerstone of the country's plan to raise crude production through foreign investment. The launch of contracts has been postponed several times as hardline rivals of pragmatist President Hassan Rouhani resisted any deal that could end the buy-back system, dating back more than 20 years, under which foreign firms are banned from booking reserves or taking equity stakes in local companies. Iran's Supreme Leader Ayatollah Ali Khamenei said that no new oil and gas contracts will be awarded without necessary reforms. The final draft for the contracts must still be approved by the government. (www.reuters.com)

Russia said to mull oil tax revamp to remove neighbours' benefits

July 7, 2016. Vladimir Putin's government is considering shifting the burden of oil taxes from the point of export

to the point of extraction, a move that would eliminate the benefit of duty-free supplies enjoyed by neighbouring Belarus and Kazakhstan. The nation's Finance Ministry is assessing a plan to reduce to zero Russia's oil-export duty from 2018, while increasing the tax on crude extraction. The tax change is set to be discussed by the government in August to October. In 2017, the Finance Ministry plans to set a ratio of 30 percent in the formula that determines oil export duty, down from 42 percent now. (www.bloomberg.com)

Brazil 2017 subsalt oil rights sale to unlock stalled fields

July 6, 2016. Brazil said it will sell four areas in its prolific subsalt region by mid-2017 to speed up development of offshore oil and gas discoveries blocked by nationalist energy policies and state-run Petrobras' debt and financial woes. Brazilian law requires fields to be developed as a single unit, meaning parts of Carcará extending into unleased areas must be sold to another company and "unitized" with Carcará resources in BM-S-8. A bill ending Petrobras' obligation to lead all new subsalt development should pass Congress within weeks, opening the 2017 subsalt auction to new bidders, Felix said. Rules clarifying unitization of concessions and production-sharing contracts will be complete by year end, he said. (www.reuters.com)

INTERNATIONAL: POWER Generation

China confirms ban on new coal-fired power plant construction until 2018

July 12, 2016. The Chinese government has confirmed that the construction of new coal-fired power plants and new coal-based chemical installations would be banned until 2018, as announced in March 2016.

The ban on projects should cut coal's share of the overall mix to 58% from 64% currently. The Chinese government plans to phase out 500 million tonnes of coal production by 2020. (www.enerdata.net)

Russia stalls China's \$1 bn hydropower loan for Mongolia

July 11, 2016. Russia's concern about water rights is holding up a \$1 billion loan package Mongolia is seeking from China to build a hydroelectric dam that would help the landlocked central Asian nation ensure independent supplies of energy. The Kremlin said the project to build the Egiin Gol Hydro Power Plant on the Eg River in northern Mongolia could threaten Lake Baikal 580 kilometers downstream. China is withholding funds until

a compromise can be found with Russia, according to Mongolian government documents. Mongolia wants to build the 103 meter high dam to generate more power during peak times and in the winter, easing its reliance on electricity from Russia and dependence on coal-fired generation. Its power imports from Russia cost Mongolia the nation of 2.8 million people more than \$25 million a year. At a meeting with Mongolian President Tsakhiagiin Elbegdorj and Chinese President Xi Jinping, Russia's President Vladimir Putin said the proposed dam would create "serious risks" to the water supply in the Irkutsk region. (www.bloomberg.com)

Transmission/Distribution/Trade

EDF said to be in talks to sell coal-trading business to Jera

July 12, 2016. Electricite de France SA (EDF) is in talks to sell its coal-trading business to Japan's Jera Co. as the French company shifts its focus to nuclear and renewable power. The talks with Jera include coal mines and trading positions. EDF, among the largest coal traders, plans to sell €10 billion (\$11 billion) of assets by 2020 including some fossil fuel-burning power plants as new taxes and regulations in the U.S. and Europe make coal less attractive. (www.bloomberg.com)

Policy/Performance

Japanese court upholds reactor shutdown in new blow to nuclear industry

July 12, 2016. A Japanese court upheld an order to keep two reactors operated by Kansai Electric Power Co., Japan's second-biggest utility, closed. The decision means Kansai Electric must go to a higher court to try and win permission to get the reactors back online. Two out of Japan's 42 operable reactors are running, but a local governor who won election has vowed to shut those units down. While Prime Minister Shinzo Abe's government is keen to restore a power source that provided about a third of electricity supply before the meltdowns at Fukushima, the public remains deeply sceptical over industry assurances on safety. The Otsu District Court

ordered Kansai Electric, to shut down the Takahama reactors in the country's first injunction to halt an operating nuclear plant. (uk.reuters.com)

Banks Group plans to open surface coal mine in the United Kingdom in 2018

July 11, 2016. The Northumberland County Council has approved controversial plans by Banks Group to open a surface coal mine in Highthorn (northeast England, in the United Kingdom). Banks Group aims to open the new mine in 2018 and to produce 3 million tonnes of coal over the expected 6-7-year life of the mine. The company considers that the project is viable as there is still demand from the British power and industrial sectors and that these new coal resources would help meet demand ahead of the expected closure of coal-fired power plants in 2025. (www.enerdata.net)

Physical coal prices hit 2016 highs on mining cuts, high Korean orders

July 7, 2016. Thermal coal prices jumped to 2016 highs this week as supply disruptions combined with a demand surge from some large importers, especially South Korea, but analysts warned that the steepness of the upturn looked overblown. Traders said that the price surges were a result of supply cuts in both the Atlantic and Pacific basins, including Colombia and Indonesia, while there had been a jump in orders from some major importers like South Korea. South Korea, the world's No. 4 importer of thermal coal, has sent out a raft of import tenders recently. South Korean utilities, including KOSPO, WP, EWP, KOMIPO, and KOSEP, have ordered 1.2 million tonnes of coal just since the beginning of July, for delivery between August and December, but with most ordered around the remaining summer months. In China, the world's biggest coal consumer, the government has said it will remove around 500 million tonnes of coal production capacity in the next three to five years and halt approvals of all new projects in a bid to combat rampant pollution but which was seen to support future imports and also helped push coal futures to 2016 highs. (www.reuters.com)

RENEWABLE ENERGY/ CLIMATE CHANGE TRENDS

National

Govt in talks with US over solar dispute in WTO: Goyal

July 12, 2016. Government is in talks with the United States (US) over a dispute at global trade body WTO on a solar mission and would decide on filing suits against the western country based on the outcome of the talks, Power Minister Piyush Goyal said. India's ambitious Jawaharlal Nehru National Solar Mission was in the eye of a storm after the US filed a case in WTO against the government's support to the programme. The WTO had subsequently ruled that the government's support to the programme contradicts trade-related investment measures signed by India. The solar mission aims to generate one lakh MW of electricity through solar installations. (indiatoday.intoday.in)

'Policy on wind solar hybrid needs greater clarity'

July 12, 2016. A distinct policy for wind and solar hybrid is still a few years away as industry and other stakeholders need greater clarity on the issues involved, New & Renewable Energy Joint Secretary Varsha Joshi. The renewable sector has been showing promise, especially in its wind segment, in states such as Rajasthan, Madhya Pradesh, Andhra Pradesh and Karnataka, with Gujarat bouncing back on it, she said. Joshi ruled out public funding for research and development activities for creating clean energy storage facilities stating that such initiatives would be too expensive at this point of time. (www.financialexpress.com)

Indian Civil Aviation Ministry plans 146 MW of solar power generation at airports

July 12, 2016. The Indian Civil Aviation Ministry is planning to build 146 MW of solar power generation capacity at airports across the country. The Airports Authority of India (AAI) has already installed solar power plants that provide a total capacity of 5.4 MW at 16 airports. The Ministry said the solar projects have so far produced 5.1 million energy units, thereby reducing

carbon emissions by 4,600 metric tonnes. Additional solar power plants, with a capacity totalling 24.1 MW, are expected to become operational at 11 Indian airports by December. The period of time by which the 146 MW of solar power generation capacity needs to be installed at the airports has not been disclosed. According to the ministry, airports in India need to use their available space to generate electricity for the national grid, in addition to their own requirements. The state of Kerala installed 12 MW of solar power at Kochi International Airport, while Delhi International Airport Ltd (DIAL) gave an order to solar energy contractor Enerparc Energy to build a 5.7 MW solar plant at one of its terminals. (www.airport-technology.com)

HRD Minister for more awareness among students on environment

July 12, 2016. Human Resource Development (HRD) Minister Prakash Javadekar said students should be made more aware and sensitive to environmental issues. He stressed on popularising sustainable practices among the students as part of long-term plan for mitigation of climate change. He lauded Prime Minister Narendra Modi in upscaling renewable targets which changed the narrative of India's negotiation in the global climate change discussions. (www.newkerala.com)

Kerala to power 1k state-run buses with CNG

July 12, 2016. In a bid to reduce environmental and air pollution, Kerala government has drawn up a programme to convert the state-run buses to Compressed Natural Gas (CNG) operated ones in a phased manner. The recent National Green Tribunal (NGT) order restricting diesel vehicles would have an adverse impact on the public transport system, especially to Kerala State Road Transport Corp, Transport Minister AK Saseendran said. As part of the pilot project, a fleet of CNG buses would be introduced in Kochi and later it would be expanded to cities such as Thiruvananthapuram and Kozhikode. The

programme is to have at least 1,000 CNG buses in the coming years, the Minister said. (www.firstpost.com)

GST should be imposed on renewable equipment imports: Goyal

July 11, 2016. The Power Ministry is not pitching for keeping renewable energy equipment out of the purview of proposed GST but wants a level-playing field for domestic manufactures, Power Minister Piyush Goyal said. He was replying to a query whether the Power Ministry has proposed to keep renewable energy equipment out of the GST regime. (indianexpress.com)

Inox Wind bags 50 MW wind power project from Atria Power

July 11, 2016. Inox Wind Ltd has bagged an order from Atria Wind Power, a part of the Atria Group, for a 50 MW wind power project to be deployed in Gujarat. The project is scheduled to be commissioned by March 2017 and will be executed on turnkey basis. The order comprises of supply and installation of 25 units of Inox Wind's 113 meter rotor diameter turbine combined with the 120 meter hub height tower. (www.business-standard.com)

REC, PFC developing debt products specifically for renewable energy sector

July 11, 2016. The renewable energy sector could soon have debt products — focussed specifically on the sector — to be developed by public sector units Rural Electrification Corp (REC) and Power Finance Corp (PFC). According to estimates, to meet its goal of 100,000 MW of solar energy generation capacity by 2022, which includes 60,000 MW of land-based projects, more than \$40 billion of debt is required. (www.thehindubusinessline.com)

Tamil Nadu ready to sell 1 GW wind power

July 10, 2016. Tamil Nadu government has sought the Centre's intervention to increase the inter-state transmission capacity to sell the harvested renewable energy to other states that have not met the renewable power purchase obligation (RPO) prescribed by the

Central Electricity Act. Chief Minister J Jayalithaa said Tamil Nadu was ready to sell as much as 1,000 MW wind power to other states, but inadequate transmission capacity in the grid remained a hurdle. Tamil Nadu, in recent days, has been generating about 4,000 MW wind energy against an installed capacity of 7,600 MW. On an average, about one-third of the state's daily power requirement of 300 million units is met by wind energy. Even private power generation companies in the state are now free to sell power to other states as the government had lifted restrictions imposed on them a month ago. (timesofindia.indiatimes.com)

Maharashtra govt fails to comply with green terms for Navi Mumbai airport

July 8, 2016. Three years after the Maharashtra government was granted a principal approval to utilise 250 hectares of forest land comprising dense mangrove forests for the Navi Mumbai International Airport, the ministry for environment, forests and climate change will appraise the project for a final forest clearance recommendation. Forest clearances are granted in two stages and after the stage-I clearance is granted, states have to fulfill certain conditions. (www.dnaindia.com)

Hartek Power bags 330 MW solar power projects

July 6, 2016. Hartek Power Pvt Ltd, one of India's fastest growing Engineering, Procurement and Construction (EPC) companies based in Chandigarh, has bagged substation orders for 330 MW solar projects across the country in the first quarter of the current financial year. The company has set a target of executing EPC for 500 MW solar power projects to the grid in financial year 2016-17. The 330 MW solar EPC orders bagged by the company include 10 substation projects of up to 132 Kv spread across six states, including Punjab, Bihar, Karnataka, Madhya Pradesh, Uttar Pradesh and Maharashtra. Hartek Power has installed substations for 258 MW solar projects since it entered the business three years ago. Going by the sizeable orders bagged by it this time, the company has raised the bar and set a target of connecting 500 MW solar projects to the grid in FY 2016-17, the company said. Hartek Power commissioned

substations for 45 MW solar projects in the very first year. In the following year (2014-15), the company executed EPC orders for 90 MW solar projects, taking the figure to 135 MW, a threefold increase. Hartek Power further consolidated its position in FY 2015-16 by providing grid connectivity to 123 MW solar projects spread across Punjab, Rajasthan, Andhra Pradesh, Bihar and Karnataka, thus enabling the company to register a nearly two-fold increase as compared to the overall figure in the previous year. (www.business-standard.com)

Govt pushes solar buildings

July 6, 2016. The government plans to require buildings in Metro Manila to install solar panels as an alternative source of energy, Economic Planning Secretary Ernesto Pernia said. He said renewable energy projects such as solar facilities on rooftops would be easier to build than coal-fired power plants which would take three years to be operational. He said because solar power projects would require a lot of space to produce a little amount of electricity, the program should involve installing solar power panels on rooftops of every building in Makati and Manila. (thestandard.com.ph)

Mumbai to use natural gas for its crematoria

July 6, 2016. The BrihanMumbai Municipal Corp (BMC) said it planned to convert in phases all its 44 wood or electricity consuming crematoria across the metropolis to piped natural gas (PNG)-based complexes. The novel cost-effective move will help in huge savings on electricity bills, besides protecting trees and environment, BMC said. The BMC at present manages 44 crematoria, of which 11 are run on electricity, and 14 Muslim and 11 Christian cemeteries, at 54 locations across Mumbai. In the first phase, work on converting the Sion and Shivaji Park electric crematoria to PNG is nearing completion, BMC said. BMC said normally electric crematorium can take up to two hours to heat to its optimal capacity, and hence has to be kept running round the clock. Besides, these crematoria have also to be regularly shut for maintenance, and incur huge maintenance costs. The Mumbai civic corporation plans to convert 12 crematoria to PNG-based in the first phase, nine in the second and

the remaining 23 subsequently. PNG-powered crematoria instantly heat up to optimal capacity once switched on and have not to be run continuously. This will help reduce running and maintenance costs. There are also 20 private crematoria for Hindus, and 56 Muslim and 37 Christian cemeteries, besides seven other locations to perform funereal rites for the dead belonging to various communities in Mumbai. (www.newkerala.com)

Global

China building 200 GW of coal-fired power despite capacity glut: Greenpeace

July 12, 2016. China is building another 200 GW of coal-fired power capacity despite tough new measures designed to cut the use of fossil fuels and tackle overcapacity, environmental group Greenpeace said. According to National Energy Administration (NEA) data, China's total thermal capacity grew 7.8 percent in 2015 to 990 GW, outstripping a 0.5 percent increase in consumption. Another 24 GW went into operation in the first five months of 2016.

Greenpeace said more than 1 trillion yuan (\$150 billion) could be "wasted" on new capacity in the next five years, leading to a surplus of 400 GW. China is currently estimated to have around 200 GW of excess capacity. Greenpeace said the measures would see 110 GW of coal-fired power projects suspended and up to 70 GW retired by 2020, but changes to permitting last year meant there were still another 295 units under construction, with a total capacity of 200 GW. (www.reuters.com)

Gamesa to supply turbines for 48 MW wind project in China

July 12, 2016. Gamesa has secured a new order from Chinese utility Datang for the supply of 48 MW at Sanlengshan wind complex. The contract entered into with Datang contemplates the installation of 24 G97-2.0 MW turbines at the Sanlengshan complex located in the Liaoning region in north-eastern China. These turbines are due for delivery by the end of the year, which is when the facility is also expected to be commissioned. The

cooperation between Gamesa and Datang dates back to the year of 2005. Since then, Gamesa has signed more than 200 MW projects with this utility. (wind.energy-business-review.com)

French power, EDF shares drop as nation dilutes carbon tax plan

July 12, 2016. French power prices extended declines after the nation narrowed the scope of a planned domestic carbon tax to focus on curbing emissions at coal-fired power stations. Electricite de France SA (EDF) shares fell. France will introduce a floor price on emissions from coal stations starting in 2017, Environment and Energy Minister Segolene Royal said. French President Francois Hollande said in April that France would unilaterally set a carbon floor tax next year as the collapsing price of European Union carbon permits eroded the penalty for burning fossil fuels. (www.bloomberg.com)

Brexit may make it harder for UK to tackle climate change

July 12, 2016. The U.K.'s decision to leave the European Union (EU) could make it more difficult for the country to cope with rising seas, floods and the spread of tropical diseases compounded by climate change, according to government advisers. The report issued by the Committee on Climate Change flags heightened risks the U.K government needs to mitigate as the nation of 64 million people begins the process of withdrawing from the EU following its June 23 referendum. With 14 of the hottest 15 years globally having occurred since 2000, scientists say the impacts of climate change are already apparent. Those impacts are set to worsen and risks could rise if the U.K. withdraws key EU environmental laws -- covering farming, fishing, water, wildlife and flooding -- without replacing them with legislation that's equivalent or better, the committee said. (www.bloomberg.com)

Fossil fuel industry risks losing \$33 tn to climate change

July 11, 2016. The fossil fuel industry risks losing \$33 trillion in revenue over the next 25 years as global

warming may drive companies to leave oil, natural gas and coal in the ground, according to Mark Lewis, Barclays's head of European utilities equity research. Government regulations and other efforts to cut carbon emissions will inevitably slash demand for fossil fuels, jeopardizing traditional energy producers, Mark Lewis said. (www.bloomberg.com)

Guangdong will include aviation sector in its carbon market

July 11, 2016. The Guangdong province (southern China) will include the aviation sector in its pilot scheme for trading CO₂ emissions that will be integrated in a national carbon market in 2017.

The Guangdong emission trading scheme was introduced in December 2013 and covers 189 companies handing over 365 million permits in 2015. The province government will set aside 21 million permits for quarterly auctions, that will start in September 2016. China will implement a national CO₂ cap-and-trade scheme as of 2017, to limit and put a price on greenhouse gas (GHG) emissions. So far, China has already implemented seven local carbon exchanges in two provinces (Hubei and Guangdong) and in five large cities, namely Beijing, Tianjin, Shanghai, Shenzhen and Chongqing. (www.enerdata.net)

California considers change to fuel rules as Tesla cries foul

July 7, 2016. California's effort to promote non-polluting automobiles is being thrown off kilter by a company that makes electric cars. The rapid growth of Tesla Motors Inc and the increasing range of other electric vehicles have the state contemplating new requirements that anger both Tesla and competitors like Honda Motor Co.

California has the authority to set pollution rules that are more stringent than U.S. standards, and it requires automakers to sell electric or other non-polluting vehicles in proportion to their market share in the state. California's Air Resources Board has projected 15.4 percent market share for zero-emission vehicles by 2025. (www.bloomberg.com)

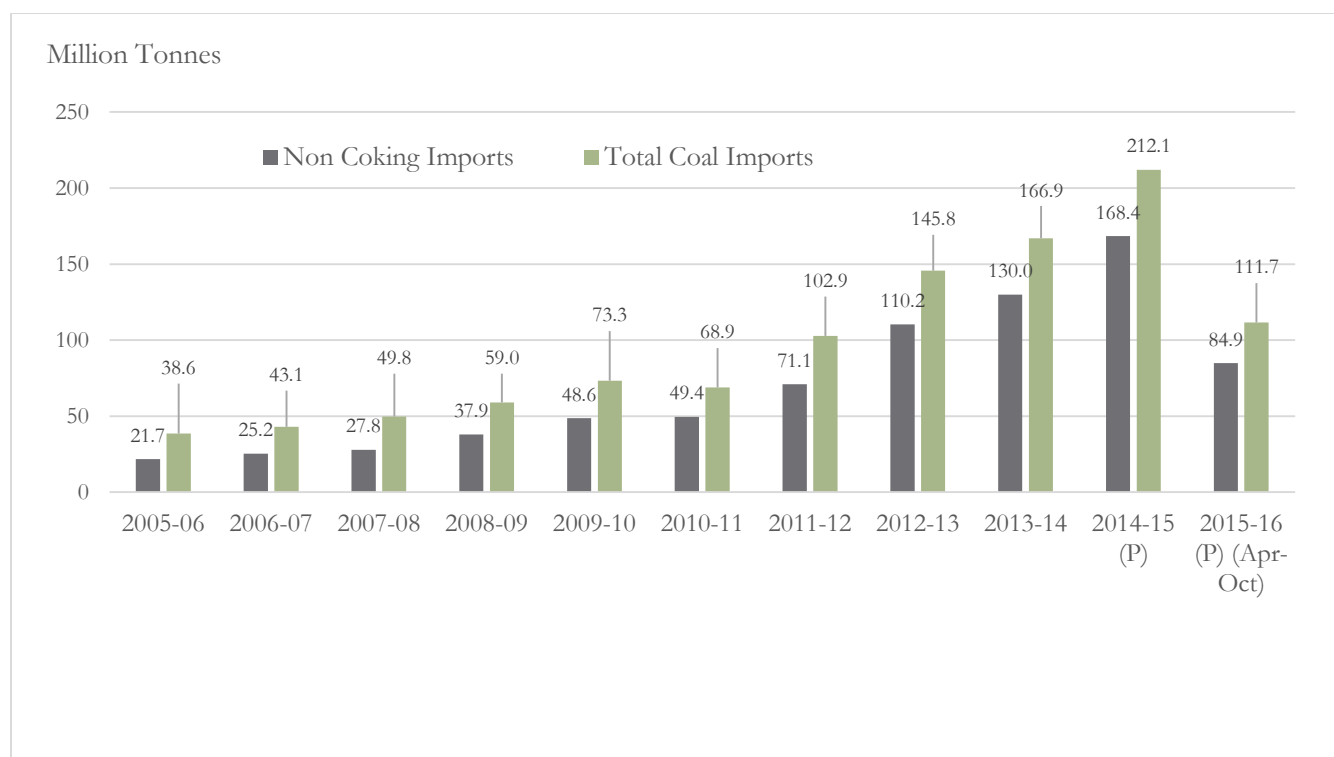
DATA INSIGHT

Non Coking Coal Scenario in India

Production of Non Coking Coal (in Million Tonnes)

Year	Non Coking Coal Production	Growth (%)
2005-06	375.528	6.6
2006-07	398.735	6.2
2007-08	422.627	6
2008-09	457.948	8.4
2009-10	487.629	6.5
2010-11	483.147	-0.9
2011-12	488.29	1.1
2012-13	504.82	3.4
2013-14	508.947	0.8
2014-15 (P)	554.984	9
2015-16 (P) (Apr-Dec)	436.8	-

Imports of Non Coking Coal



P: Provisional

Source: Ministry of Coal

FACT FILE

The international crude oil price of Indian Basket as computed/published by Petroleum Planning and Analysis Cell (PPAC) under the Ministry of Petroleum and Natural Gas was US\$ 43.79 per barrel (bbl) on 14.07.2016. This was lower than the price of US\$ 44.10 per bbl on previous publishing day of 13.07.2016. In rupee terms, the price of Indian Basket decreased to ₹ 2929.97 per bbl on 14.07.2016 as compared ₹ 2963.60 per bbl on 13.07.2016. Rupee closed stronger at ₹ 66.91 per US\$ on 14.07.2016 as against ₹ 67.20 per US\$ on 13.07.2016. (PIB)

This is a weekly publication of the Observer Research Foundation (ORF). It covers current national and international information on energy categorised systematically to add value. The year 2016 is the thirteenth continuous year of publication of the newsletter. The newsletter is registered with the Registrar of News Paper for India under No. DELENG / 2004 / 13485.

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