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RIL in N-space, Buys into Gates Reactor Venture

Reliance Industries has joined hands with Bill Gates, Vinod Khosla and Nathan Myrvhold - the former Microsoft tech honcho, math whiz and master French chef - to fund the development of a nuclear reactor with the potential to revolutionize power generation.

The Mukesh Ambani-promoted company has bought a minority stake in Terra Power LLC, based in Washington, US, and founded by Myrvhold's Intellectual Ventures. Gates is the primary investor and chairman in the company, and Khosla and Charles River Ventures are investors.

Terra Power is developing an ultra-modern reactor using the 'traveling wave' technology. Traditional reactors need to be refueled every few years, generate enormous amounts of waste and feed on enriched uranium. Traveling wave reactors, on the other hand, use depleted uranium and don't need to be refueled for at least 40-60 years.

"Reliance Industries, through one of its subsidiaries, has made a minority investment in Terra Power LLC. This is one of the various investments Reliance makes in the broader energy sector. Terra Power is a nuclear design and engineering firm," a Reliance Industries spokesperson told ET. He declined to give details.

"Mr. Ambani has been personally invited by Bill Gates to join the company. He is on the board," said a person familiar with the matter.

Last March's horrific nuclear accident off Japan's west coast triggered worldwide concerns over the safety of nuclear plants in general and the role played by nuclear reactors, many of which were developed more than 20 years ago. Germany became the first big country to scrap plans for nuclear power plants while some other countries did extensive safety reviews.

The Kudankulam nuclear power plant on the eastern coast in Tamil Nadu - the first nuclear project to come up after the Fukushima accident - has been hobbled by strident protests from local villagers. All this has come at a time of worsening global power shortages.

With coal being shunned due to its impact on climate and gas not available in abundance, N-power is one of the few alternatives that could ensure steady electricity supply, experts said.

As an energy player with global ambitions, Reliance has been eager to understand and capitalize on new energy technologies being developed around the world. In the past one year, it has agreed to invest \$3 billion in shale gas joint ventures in the US. The new technologies of fracking and horizontal drilling have completely changed the global energy dynamics, turning America into the world's biggest producer of natural gas with potential geopolitical implications.

"Everything depends on how nuclear energy capacity grows in India. If it comes back on track, in the long-term perspective, the acquisition is a good idea," said Amol Kotwal, deputy director, energy and power systems practice at Frost & Sullivan.

Terra Power, if successful, will enable Reliance to understand and get access to fourth-generation nuclear reactor technology. But it will have to wait quite a bit as the prototype is expected to be built only after 2015 and commercial generation may happen by 2020.

CLSA: Rupee will get weaker | FY-12 GDP growth to come in 6.7-6.8%

RIL buys stake in US's Terra Power

India's Reliance Industries said on Thursday it has bought a minority stake in Terra Power, a US-based nuclear-technology design and engineering company, through one of its subsidiaries.

"This is one of our series of investments in the broader energy sector," a company spokesman told Reuters.

Reliance Industries Chairman Mukesh Ambani will join the company's board, which includes Microsoft Chairman Bill Gates and Silicon Valley venture capitalist Vinod Khosla, the Economic Times had reported earlier in the day.

Reliance, India's most valuable company, controlled by Indian billionaire Mukesh Ambani, has outlined plans to spend USD 4 billion to USD 4.5 billion by 2014 on three US shale gas joint ventures it entered into last year.

Last week, a company official told Reuters that it is scouting for oil investments in the Americas as it looks to increase the stake of crude production it owns to feed its refinery, the worlds largest.

US GOLD - Comex gold turns negative, market doubts effectiveness of ECB loan programme

Gold on the Comex division of the New York Mercantile Exchange erased earlier gains on Wednesday after the initial optimism over the European Central Bank's three-year funding to EU banks soured.

Gold futures for February delivery were last down \$4.00 at \$1,613.50 per ounce, well off the overnight high of \$1,643.70.

The ECB allotted 489.19 billion euros (\$643.1 8 billion) in the first round of its three-year loan programme, it said on Wednesday, which was much higher than the 300 billion in euros that investors had expected.

"I'm not buying the argument that this larger-than-predicted outlay reflects that the banks' balance sheets are materially worse than previously thought," a US-based fund trader said. "Of course these banks were going to take as much as they could [from the ECB] because it would be dumb to turn away ultra-cheap money."

"The real reason that equities are selling off is that the markets realize that there's no clarity about how this money is being spent," he added. "The hope was that a portion of this low-cost cash would flow in to peripheral bond markets but that simply isn't happening."

Italian 10-year notes actually rose 16 basis points to 6.77 percent, while Spanish yields are up 20 basis points at 5.27 percent since the release of the ECB report, he noted.

Meanwhile, the euro fell back to 1.3053 against the US dollar, while the Dow Jones industrial average and S&P 500 were off by 0.23 percent and 0.35 percent respectively.

“The [ECB] has loaned these banks nearly a half trillion [euros] and gold and stocks are trading down this morning,” the fund manager said. “That’s a strong statement that this is not the solution to the liquidity squeeze.”

“The banks obviously can’t be expected to t backstop the [eurozone’s] debt. At the end of the day, only the ECB can do that,” he added.

In US data, US existing home sales increased four percent in November on the previous month to an annual rate of 4.42 million units - well below expectations of 5.04 million. Also, October’s sales figure was revised down to a 4.25 million unit rate from 4.97 million.

As for the other precious metals, Comex silver for March delivery was down 18.6 cents at \$29.350 per ounce. Trade has ranged from \$29.130 to \$30.210.

Platinum futures for January delivery on the Nymex were down \$5.60 at \$1,427.30 per ounce, while the March palladium contract was at \$629.80, down \$1.20.