

Power Sector in Andhra Pradesh during March 2013

POLICY

Government committed to free power to farm sector

The Andhra Pradesh government has reiterated its commitment to provide free power to the farm sector, which the power utilities say consumes 40 per cent of the total supply. Addressing a joint session of the state legislative Assembly on the opening day of the Budget session, the Governor said "My government is committed to supply free power to the farmers. Even though the power situation has been very difficult in the recent past, supply of adequate power has been ensured to over 3.2 million pump sets in the state". He also said the power problem was likely to ease as 2,200 Mw additional capacity by APGENCO and another 1,000 Mw in the private sector was expected to go on stream in the next 12 months. During the Assembly session on March 26 Andhra Pradesh Chief Minister N. Kiran Kumar Reddy also reiterated the Government's commitment to ensure seven hour power supply to the agriculture sector in spite of the tough situation.

Solar power projects stranded due to lack of clarity

According to the Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI) solar power projects with a combined capacity of over 750 Mw have been stranded in the state due to lack of clarity in the government's policy. The state government announced its solar power policy on September, 26, 2012 encouraging solar power for captive use and sale to third parties. Following this, applications worth more than 750 Mw were submitted and many more are in the pipeline. However, so far not a single approval or clearance was accorded. The policy did not envisage any investment subsidy from the government or the power utilities. Though investors are ready the clearances and much needed clarifications and rules, as required by the policy, have not been forthcoming. According to FAPCCI, clarity is required on issues pertaining to banking of power, wheeling agreement, transmission and wheeling charges, cross subsidy and maximum demand related charges and rules.

Bids received for more than 1000 MW

The State Government invited bids to setup 1,000 MW of solar photovoltaic power plants. In response to this 00 bids were received from 184 bidders with a proposal to develop 1,354 MW. Alfa Infra Projects with 80 MW and Lanco Solar with 60 MW bid for highest capacities at several locations. Madhucon Sugar and Power, Azure Power, Pennar Industries, Premier Solar, Hetero Drugs, Astonfield, NSL Renewables, are among others in fray for setting up solar PV units. According to some sources, the lowest quote was by Essel Mining and Industries Ltd, a

company promoted by Aditya Birla Group, at Rs 6.52 per unit. The average range quoted for one unit varied from Rs 7 to close to Rs 9 a unit.

State Government announces roof top solar power policy

The state government announced its policy for encouraging solar power production in the state through GO Ms No. 22. Under this net metering facility be provided to the consumers who set up roof top solar PV units. Surplus solar power generate after self-consumption can be fed into the grid. Before issuing this GO set up a 100 KW pilot plant at AP Transco headquarter Vidyut Soudha. As per the new policy, net metering facility will be implemented for consumers who intend to encourage solar green energy and set up solar PV plants at unutilized places like rooftops, waste lands, buildings of individual households, industries, offices, institutions, residential complexes etc. Subsidy will be provided by the government of India through NREDCAP up to 30% on the cost of the panel up to a capacity of 500 KW without battery support.

GENERATION

Chief Minister N Kiran Kumar Reddy on the floor of the Assembly said the state government proposed addition of 3,240 Mw to coal-fired thermal power generation by next year besides a parallel effort to encourage solar and wind energy projects would ease the power supply situation in the state going forward. Replying to a discussion on the power crisis in the Legislative Assembly, Reddy said in spite of the unprecedented demand in growth and sharp fall in gas-based power generation, the government was able to maintain the supply at a satisfactory level through purchase of additional power in the open market.

Outages in 2 power plants add to power problems in AP

The power shortage in Andhra Pradesh further worsened for a few days with generation of 1050 MW capacity in two thermal power plants of APGENCO impacted due to problems. A 550 MW unit at Kothagudem thermal power station has been taken out of production following some technical snags. Another 500 MW thermal power unit 7 at Vijayawada thermal power station has been affected due to problems in the boiler. These units were expected to be brought back in to operation in a day or two.

AP to face power crunch during summer

With the gas supply from Krishna Godavari basin coming down, generation from gas plants dipping, and low reservoir levels, hydel generation is also down. This has resulted in power cuts

ranging from three hours in major cities to over 12 hours in rural parts, and close to 15 days of power holidays for industries. The dwindling gas supply has resulted in about 2,760 MW of gas power stations lying idle. The Government is making an additional purchase of about 1200 MW of power to part-bridge the gap. The Government expects to add 2200 MW power generation capacity through APGENCO thermal power stations by 2014. The Hinduja power project of 1,040 MW is also likely to be commissioned next financial year.

With production from its Krishna-Godavari gas field (KG-D6) declining to 17.3 million standard cubic metres a day (mscmd) beginning March 1, none of the 25 power plants in the country that were allocated gas from KG-D6 fields is getting any supplies. This includes six power plants in AP. Some of the power plants-Vijjeswaram gas, Lanco Kondapalli stage-I, Spectrum and GVK's Jegurupadu-I are being operated with minimum gas supplies from ONGC or GAIL

State to receive additional power supply of 900 MW

It was reported that that arrangements have been made for about 900 MW of additional power supply in the State. This includes additional supply from Central pool, purchase of high cost fuel for power generation and arrangements from merchant power plants. Following requests by the State for additional power supply, the Centre has agreed to provide supply of 100 MW from Jhajjar and Damodar Valley Corporation and another 100 MW from the Central pool. About 450 MW of power was to be generated using re-gasified liquefied natural gas and naptha. In addition, the State has made arrangements for purchase of power from Nava Bharat Ventures, Sarada Ferro Alloys, Steel Exchange and Gridco to meet the increase in demand during rabi crop season and during ensuing summer.

FUEL

AP seeks gas from fertiliser quota

In a last ditch effort to secure natural gas for power generation, both the Andhra Pradesh government and independent power producers (IPPs) in the state have begun making a case for a share in the fertiliser sector allocations. Chief Minister N Kiran Kumar Reddy in a letter urged defence minister AK Antony, who is also chairman of the Empowered group of Ministers (EGoM) on petroleum and natural gas issues, to treat power generation on a par with the fertiliser sector. Some of the IPPs which have approached the Andhra Pradesh high court argued that at least the gas-power projects in AP should qualify for a similar status given to the fertiliser sector as the natural gas is being produced in this state.

Power plants to get priority in gas sharing

The central government was reported to have plans to give power plants top priority in gas allocation, dislodging fertilizers from the privileged position in the back ground of decline in

supply from KG-D6 block. Key officials in Prime Minister's Office, Planning Commission, and ministries of power and oil were of view that gas allocation priorities could be changed to avert power crisis in the peak season. But this proposal was at discussion stage only.

Reliance Industries drills first exploration well in five years

Reliance Industries has spud its first exploration well in more than five years on the flagging natural gas fields in KG-D6 block. The MJ-1 exploration well on the Dhirubhai-1 and 3 gas fields in the KG-DWN-98/3 or KG-D6 block "was spud in early March and is drilling ahead. The well be drilled over two kilo metres deeper than and directly beneath the producing D1&D3 fields in the block. Results of the well are expected in April or May.

RIL to pay \$78.8-m fine for falling gas output over 3 years

Responding to a Lok Sabha question if private players had been penalised for production shortfalls, Minister of State for Petroleum Panabaaka Lakshmi said the actual cumulative gas production for D-1, D-3 fields of KG D6 Block up to March 31, 2012, was 1.584 trillion cubic feet against the projected 2.030 trillion cubic feet in the addendum to the initial field development plan for the period. Reliance Industries paid the Government \$78.88 million as penalty for failing to meet its commitments under the production sharing contract over the last three years (2009-10 to 2011-12).

RIL violates sanctuary rules, alleges panel

The Fishermen Welfare Association (FWA), Nava Nirmana Youth Association (NNYA) and local organisations complained to the secretary of Union ministry of environment and forests that Reliance Industries Ltd (RIL) has been laying a pipeline for one-and-a-half kilo metre through Neelarava River, a part of Coringa Wildlife Sanctuary Zone, violating the guidelines of the sanctuary. They said the Government of Andhra Pradesh issued a gazette notification GO MS No. 45, declaring the area specified to be a sanctuary called as Coringa Wild Life Sanctuary. As per the notification, the government has provided right to fish and navigational rights to the people, but no one should alter and disturb the Coringa Wild Life Sanctuary Zone.

RIL to give up 4,266 sq km of KG-D6 block

RIL has offered to relinquish about 4,266 sq km out of the 7,645 sq km KG-D6 block in Bay of Bengal, much less than the area that the Oil Ministry wants the company to contractually vacate. The ministry wants the firm to vacate some 5,970 sq km of area of KG-D6 block.

ONGC announces three oil and gas discoveries

ONGC has made two oil and gas discoveries in the KG Basin. Oil and gas was found in an on land block located northwest of Bantumilli town in West Godavari district, but its commerciality will be determined only after proper appraisal.

Gas output starts from smaller ONGC fields in AP

The gas production from three marginal fields at Ponnamanda village in Rajolu mandal of East Godavari district was inaugurated on March 28th. These fields were awarded to KEI-RSOS Petroleum and Energy Limited (KRPEL).

GSPC seeks LNG price for KG basin gas

GSPC, the firm floated by state government of Gujarat plans to sell natural gas from its KG basin fields at imported LNG rate of \$14.2 per mmBtu. The company had on February 25 asked bidders to quote a positive or a negative number to be added to India's liquefied natural gas (LNG) import formula of 12.67 per cent of Brent crude oil plus \$0.26 per million British thermal unit. GSPC prescribed a minimum sale price of \$8.50 per mmBtu, at floor rate of \$65 per barrel of oil. 37 companies had placed 53 bids for about 75 million standard cubic meters of gas per day, more than 14 times the peak output of 5.24 mmscmd GSPC's Deen Dayal West (DDW) gas field in block KG-OSN-2001/3, industry sources said. At cap oil price of \$110 per barrel, the gas price translates into \$14.2 per mmBtu.

DISTRIBUTION

AP hikes power tariffs by 15%

With the Andhra Pradesh Electricity Regulatory Commission passing a new tariff order for the next financial year power consumers in Andhra Pradesh — low tension domestic, commercial and high tension industrial consumers - will be charged 23 per cent more from April 1. On an average, for low tension consumers it is up by 58 paise a unit; for high tension consumers, it is up by Rs 1.12 a unit and for LT commercial, it has gone up by Rs 1.13 a unit. The HT general industrial category tariff has been hiked from Rs 4.80 a unit to Rs 5.73. For ferro alloy units, the tariff has been hiked by 93 paise a unit to Rs 5.41. In the domestic category, where consumption is less than 50 units a month, there is no change and consumers will continue to pay Rs 1.45 a unit. This means about 97.4 lakh of the 2.24 crore electricity users will benefit. The average cost of service for 2013-14 is Rs 5.25 a unit as against Rs 4.44 a unit last year implying an increase of 18 per cent. The aggregate revenue by the DISCOMs has been projected at Rs 40,639 crore. State government will provide a subsidy of Rs 5,700 crore. The total energy requirement is placed at 89,845 million units.

The tariff hike announcement was met with opposition from all quarters. The opposition parties were closing ranks for state-wide protests over the steep tariff hike. The Left parties and the main opposition Telugu Desam Party (TDP) have come together to pressurise the government to roll back the electricity charges. Even sections within the ruling Congress Party had come out openly against the hiked electricity charges.

Power consumers burdened with FSA

The Andhra Pradesh Electricity Regulatory Commission in its order has approved fuel surcharge adjustment of 62 paise per unit for three months of the second quarter July-September of 2012. This works out to about Rs 754 crore of additional burden on consumers. DISCOMs proposed FSA of 82 paise hike per unit. This surcharge is levied to bridge the additional funds incurred to meet the cost of fuel to generate power over and above the earlier planned outlay and for additional power purchase.

The distribution companies have submitted yet another proposal to collect FSA of Rs 1,068 crore for third quarter of October to December 2012.