

Power Sector in Andhra Pradesh and Telangana during March, 2015

Policy

Telangana to be included in Power for All scheme

The central government has agreed to include Telangana in the Power for All (PFA) scheme. This scheme is intended to provide uninterrupted 24 hour power supply to domestic, commercial and industrial consumers. This scheme will be introduced in Telangana from 2017. Pending the grounding of the scheme the Telangana requested the centre to allocate Rs. 6,200 crore under Deendayal Upadhyaya Gram Jyothi programme to strengthen the energy infrastructure and supply quality power in the rural areas.

Generation

AP to offer sites for Russian nuclear reactors

The state government of AP has agreed to provide site to locate atomic power plant to with Russian atomic power reactors. Initially Haripur in West Bengal was selected to locate the atomic power plant. But due to stiff resistance from the locals this had to be given up. Then the central government approached the states with sea shore like Kerala, Odisha, AP, and Karnataka apart from West Bengal. Except AP and Karnataka other states expressed reluctance in providing sites.

Sumitomo to set up 4,000 MW project in Andhra Pradesh

Japanese power company Sumitomo Corporation will be involved as an EPC contractor in setting up of a 4,000 MW ultra super critical, ultra mega power project by APGENCO in Srikakulam district of Andhra Pradesh. Each unit will be of 1,000 MW capacity. It was reported that it would take about 12 months to secure clearances environment and 4 years to execute the project. In the past Sumitomo Corporation was involved in at least three power projects in Andhra Pradesh, which includes one hydel plant, a thermal power plant and a gas-based power project.

RINL starts operation of pollution-free 120 MW captive plant

The Rashtriya Ispat Nigam Limited (RINL)'s Visakhapatnam steel plant started operation of a new 120 MW of power plant with 100 per cent blast furnace gas and coke oven gas, the first of its kind in Indian steel industry. This plant was taken up as a part of its efforts to achieving self- sufficiency in power generation and to reduce dependence on the state grid. The average power requirement of Visakhapatnam steel plant is about 418 MW. Its present

captive power generation capacity stands at 315 MW. To efficiently utilise the surplus blast furnace gas (BFG), the new plant was taken up.

Stranded gas-based power projects set to get breather

The stranded gas-based power plants will get relief as the central government plans to roll out the scheme to subsidise imported gas for such developers till end-FY17. The developers are required to bid for the promised government support in a reverse auction. Private companies like Lanco Group, Reliance Power and GMR Energy among others with no gas availability could be among the first to bid for the promised sop. The subsidy on imported gas will also be available for those developers that are running their plants at less than 30% plant load factor (PLF) on domestic gas like GVK Power and Infrastructure, and Lanco Group. The stranded gas-based power plants and those running at sub-optimal level (<30% PLF) belonging to the private sector represent an investment of more than Rs 50,000 crore. The scheme is aimed at saving these assets from becoming non-performing assets.

The government has earmarked a sum of Rs 3,500 crore for this scheme for FY16. There will be two different streams of bidding: one for stranded plants and another for units that receive domestic gas but run at less than 30% PLF. The subsidy amount has also been apportioned for these two categories with Rs 3,000 crore being made available for the former and Rs 5,00 crore for the latter. For FY 17, the total amount will be Rs 4,000 crore, split into Rs 3,500 crore for first category and Rs 500 crore for the second. The subsidy support will come from the power system development fund (PSDF). For the stranded plants that bids for subsidy support, the tariff will be capped at Rs 5.50 per unit while it will be capped at Rs 4.19 per unit for those running at domestic gas currently. These developers will have to quote a per unit price as subsidy support in reverse bidding. For the current fiscal, the ceiling price for stranded plants will be Rs 0.94 paise per unit and Rs 1.26 per unit for plants receiving domestic gas. The bidders will have to quote lower support from the ceiling price. An empowered pool management committee (EPMC) will oversee the auction process and release the subsidy support to the DISCOMs buying power from successful bidders. The DISCOMs, in turn, will pay the gross value of purchased power (including the amount received from PSDF). The lead banker to the developer will control a trust and retention account (TRA) which will oversee payment to the firm.

The Government nominees to import the gas — GAIL and GSPL — have agreed to reduce the transportation tariff, marketing margins and re-gasification charges, while the Central and State Governments will exempt the fuel from certain applicable taxes and levies. Power developers would completely forego the return on their equity.

This scheme to revive stranded gas based power plants will benefit the banks as they have significant exposure to such plants.

BHEL bags Rs 5,000-cr contract from Telangana GENCO

The Telangana State Genco (TSGENCO) awarded Bharat Heavy Electricals Ltd (BHEL) a contract to set up of a 4x270 MW (1080 MW) thermal power plant in Manuguru in Khammam district of Telangana. This order includes design, engineering, manufacture, supply, construction, erection, testing and commissioning of 4x270 MW thermal sets on EPC basis. This order is valued at Rs. 5,000-crore. This plant is planned to be executed in 24 months on a fast-track basis. TS Genco had earlier awarded another contract to BHEL for setting up of a supercritical thermal power plant of 800 MW at Kothagudem. With the Manuguru project, BHEL has an order book of 1,880 MW from Telangana State.

Telangana CM lays foundation for Manuguru thermal power plant

Telangana Chief Minister K Chandrasekhar Rao laid the foundation stone for the Manuguru thermal power plant in Khammam district. This plant will be known as Bhadradri thermal power plant. Construction of this plant will be financed by Rural Electrification Corporation and Power Finance Corporation.

NTPC Simhadri unit targets capacity expansion

The NTPC is reported to be contemplating to add to its present capacity of 2,000 MWs at Simhadri thermal unit at Parawada in Visakhapatnam district. Various options were being explored to acquire 400 acres to take up construction of a super critical power plant of 1,000 MW capacity adjoining the existing plant.

REC in pact with Telangana GENCO for Rs. 24,000 crore projects

The Rural Electrical Corporation (REC) has come forward to provide investment support of Rs. 24,000 crore to the TSGENCO to take up power projects of 6,280 MW capacity. These projects include the 800 MW at KTPS, 1,080 MW at Bhadradri in Manugur of Khammam and 4,400 MW at Damaracherla in Nalgonda district.

Before this the Power Finance Corporation had agreed to provide Rs. 15,000 crore for the same projects. TSGENCO will generate Rs. 3,000 crore internally or obtain through budgetary support from the state government. The total investments will be about Rs. 42,000 crore.

AP and TS get power from Centre

The central government has decided to allocate 304 MW of power to AP and 222 MW of power to Telangana from April 1 onwards. It has been decided to allocate 693 MW to AP, TS and Kerala as the Delhi government surrendered its share from Jhajjar thermal power plant in

Haryana. This will be implemented till the end of September. This additional 693 MW of power will be shared only between TS (374 MW) and Kerala (319 MW) from October, 2015 till March, 2016.

Fertiliser Ministry allows swapping of KG gas supplied to RCF units with R-LNG

The Fertiliser Ministry has agreed to swapping of natural gas from the KG-D6 reserve being supplied to Rashtriya Chemicals and Fertilizers (RCF) units located in Maharashtra with regasified liquefied natural gas (R-LNG), thereby facilitating an additional supply of 2.2 mscmd to Andhra Pradesh and Telangana.

With this approval about 450 MW additional capacity can be generated by gas. From this while Telangana will get 242 MW and Andhra Pradesh 208 MW.

Green clearance for 4,000 MW Telangana power project soon

Union Minister for Environment & Forests indicated that the proposed 4,000 MW thermal power plant to come up at Damrucharla in Nalgonda district of Telangana will soon be accorded forest clearance.

Fuel

Singareni Collieries looking at acquiring overseas mines

Singareni produced 52.54 million tonnes (mt) of coal in 2014-15, up 4 per cent from the previous year's 50.47 mt.

Coal despatches were up 10 per cent at 52.66 mt against 47.94 mt in 2013-14. While the Ministry of Coal has set an output target of 56 mt for 2015-16, Singareni is aiming to achieve 60 mt. The gross turnover for 2014-15 was up 19 per cent at Rs. 14,083 crore, against Rs.11,870 crore in the previous fiscal. The miner contributed Rs. 3,748 crore towards royalty, sales tax, and other levies, up from Rs. 3,212 crore in 2013-14. SCCL identified 17 new coal mines and it planned to begin work on them in a phased manner. SCCL is gearing up to play a bigger role both within the country by taking up new mines in other States, and outside by acquiring mines with a capacity of about 5 mt in Africa, Indonesia and other possible locations.

The SCCL has applied for six coal blocks recently which includes Parsa East–Kanta Basan, Talaipalli, Parsa, Gare Palma Sector-II and Mahanadi–Machchhakata and Naini.

The SCCL's current year performance is expected to surpass 52MT. The SCCL has revised upward its production projections to 75.6 MT by 2019-20 (against the Ministry of Coal Working Group's earlier projection of 60.60 MT).

Singareni Collieries to expand output from two mines

The Singareni Collieries Company Ltd (SCCL) has approved production expansion of two mines, one opencast and another underground. These include Khairagura Opencast mine from 2.5 million tonnes per annum (MTPA) to 3.5 MTPA with a capital outlay of Rs. 133 crore and PVK underground mine from 3.75 lakh tonnes per annum to 8.5 LTPA with investment of Rs. 114 crore. The SCCL has also decided to acquire equipment required to enhance production capacity. The equipment includes 39 dumpers of 100-tonne capacity and 48 side dump loaders, 75-tonne mobile cranes, procurement of ammonium nitrate for company explosive plants among others.

Price of natural gas produced in India cut by 59 cents

From April the price of natural gas would get cheaper by nearly 8% in the background of weak international petroleum prices. The government has decided to reduce the price of domestically produced natural gas by almost 59 cents. This will be applicable for six months from April 1.

The gas price was revised on November 1, 2014 to \$5.05 a unit on a gross calorific value basis applicable till March 31, 2015 (\$5.61 a unit on the net calorific value). The new rates effective from April 1 on the gross calorific value will be about \$4.56 a unit.

ONGC to invest Rs. 40,000 crore in K-G Basin

The Oil and Natural Gas Corporation (ONGC) plans to invest up to Rs. 40,000 crore in the Krishna-Godavari basin, off the Andhra Pradesh coast. The ONGC will make these investments in a phased manner over the next four years. The ONGC aims to extract 25 million standard cubic meters a day of gas in the KG Basin by 2018.

Transmission

AP one of the states to drive smart grid business

Andhra Pradesh is one of the six high power consuming states in the country which plans to adopt smart grid technology to improve T&D network in the state. Through this it aims to remove constraints in the grid.

As cities become high consumption centre of power, the utilities are spending more in making sub-transmission smarter, to upgrade their distribution and to improve system to prevent grid failures and tripping.

Smart grid is a modern power grid with demand-supply monitoring and control.

Distribution

Andhra Pradesh hikes power tariff by 5%

For Andhra Pradesh (AP) the AP Electricity Regulatory Commission (APERC) hiked the power tariff for 2015-16 by 5%. This hike will not impact 1.4 crore consumers out of the total 1.55 crore consumers in the state from the hike. This hike helps the APDISCOMs to generate additional revenue of Rs 941 crore. While the DISCOMs had sought to increase the tariff by 6 per cent to raise additional revenue of Rs 1,261 crore, the APERC approved 5 per cent. All those domestic consumers who are consuming less than 200 units a month are exempted from the hike. Those who are using more than 200 units will see a 5% increase in their bills. In the case of commercial consumers the hike has been effected for those consuming above 100 units per month. Industrial tariff is hiked by 25-30 paise per unit. The APERC determined the power requirement for the year as 47,386 million units. While the DISCOMs asked for Rs 35,515 crore, the APERC allowed Rs 22,329 crore leaving a gap of Rs 3,186 crore which will be borne by the state government in the form of subsidy.

Telangana hikes power tariff by 4.4%

The Telangana State Electricity Regulatory Commission (TSERC) has hiked the overall tariff by 4.42 per cent for 2015-16. About 80 lakh domestic consumers consuming less than 200 units per month are spared from this hike. The hike helps in mobilising additional revenue of Rs. 816 crore. The Telangana Government has agreed to provide a subsidy of Rs. 4,227 crore.

There is no tariff hike for power consumers consuming up to 200 units per month, agriculture and cottage industries (18 lakh consumers), and small non-domestic consumers using less than 50 units (around 6 lakh consumers). Domestic consumers in the 401-500 units and above 500 units category have been merged into a single slab of above 400 units. If Telangana does not receive power from the Krishnapatnam and Hinduja projects the State will have to bear an additional burden of Rs. 300 crore.

Telangana sanctions Rs. 350 crore for extra power purchase

Telangana Chief Minister ordered release of Rs. 350 crore to TSDISCOMs for purchase of additional power aimed at bridging the growing demand-supply gap.

General

Telangana CM assures industries there will be no power cuts from May

Telangana Chief Minister assured industries in the State that there will be no power cuts this summer from May.

The CM said that the government had chalked out short- and long-term plans to ensure that State achieved “comfortable position” in regard to power supply by 2016 and became a power-surplus state by 2017.

The State, which has a thermal power production capacity of 4320 MW, plans to generate an additional 2359 MW by this December, including 600 MW each from Kakatiya Stage II and the first unit of Singareni Collieries.

By the end of 2018, the State will generate an additional 13,554 MW of thermal power, including 9488 MW from the new unit proposed by Genco, NTPC and Singareni.

AP plans to power up with 2-crore LED bulbs

The AP government has set a target of installing energy-efficient LED street lights in all municipalities and corporation bodies by June this year. It will be procuring 5,000 LED street lights each day starting from April.

Though the state government is aggressive on procuring the systems from all available means, the industry, however, is of the view the state should concentrate on improving the supporting infrastructure to leverage the long-term power savings. It wants rationalisation of value added tax (VAT) on LEDs to 5 per cent from the present 14.5 per cent besides earmarking orders for MSME manufacturers.

The Andhra Pradesh Government plans to distribute two-crore LED bulbs to one-crore households in the State by March 2016.

It is proposed to make AP “incandescent bulb-free State.” As a part of this drive, the Government has issued orders to replace all the conventional streetlights with LED Lights in all municipalities across the State. It expects to reduce power demand by around 500 MW in domestic sector alone by these efficient lights and thereby reduce the electricity bills.

Until now about 35 lakh LED bulbs in the domestic sector and around 92,000 LED streetlights have been distributed in the state.

Fuji Electric in electricity management

Fuji Electric, Japanese energy efficiency solutions provider, is in the process of identifying smart city projects in India and Andhra Pradesh, in particular, to offer their solutions. It has begun a pilot project in AP. It involves setting up of monitoring equipment, following this up with the energy management system.