

ELECTRICITY TARIFF ISSUES IN 2015-16

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www.pmger.org

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POWER REQUIREMENT FOR 2015-16

Consumer Categories	All DISCOMs (MU)
L T Supply	(51) 26,755
Domestic Supply	(18) 9,435
Non Domestic	(5) 2,588
Industrial Supply	(2) 1,090
Agriculture	(24) 12,432
Other LT	(2) 1,210
H T Supply	(34) 17,482
Industrial	(27) 13872
Agriculture	(3) 1,734
Traction	(1) 720
Other HT	(2) 1,155
Total Sales	44,237
T&D Losses	(15) 7,863
Total Purchases	52,100

Consumption Growth Rate

Consumer Category	Consumption Growth Rate (%) NPDCL	Consumption Growth Rate (%) SPDCL
Domestic	15.68	10.79
Commercial	16.18	8.13
LT Industry	5.54	7.36
Agriculture	4.00	4.01
HT Industry	8.02	15.55
HT Non-industry	18.05	12.46
Total	9.80	13.16

Agriculture Consumption Estimate

Particulars	NPDCI	SPDCL
Consumption in 2013-14 (MU)	4,348	6,694
Consumption in 2014-15 (MU)	4,715	7,238
Consumption in 2015-16 (MU)	4,904	7,528
Per pump set Consumption in 2015-16 (U)	4,567	7,697
No. Pump sets in 2015-16	10,73,870	9,78,028

Agriculture Consumption during 2013-14

Particulars	NPDCL	SPDCL
Pump sets with DSM	9,75,729	10,93,743
Pump sets without DSM	3,086	5,275
Energy consumed by pump sets with DSM (MU)	4,355.60	9,157.93
Energy consumed by pump sets without DSM (MU)	5.77	32.19
Average consumption by pump sets with DSM (MU)	4,464	8,373
Average consumption by pump sets without DSM (MU)	1,870	6,102

Agriculture Consumption Estimate

- Unreliable agriculture consumption estimate
- Agriculture services are not metered
- Reduction in number of hours supply is not reflected in consumption estimate

ANNUAL REVENUE REQUIREMENT

Particulars	Amount (Rs in Cr)
Power Purchase Cost	(76%) 20,016.48
Transmission Cost	1,161.81
Distribution Cost	2,854.68
Other Supply Costs	695.51
FRP & True Up	1,745.27
Aggregate Revenue Requirement (ARR)	26,473.77

Power Availability

Particulars	Power (MU)
Availability	60,250
Dispatch	52,100
Surplus	8,150

GVK PPA expires in June 2015. Lanco PPA expires in December 2015. After these dates power from these plants is not taken in to account. Telangana will be losing 580 MU.

2.5 MMSCMD of additional gas is going to be allotted to power plants. Telangana will get a share of 242 MW additional power.

POWER PURCHASES & COSTS - SOURCEWISE

STATION	Power Purchase (MU)	Total Costs (Rs. Cr)
GENCO	(51) 26,713	(51) 10,197
CGS	(15) 7,927	(13) 2,505
Simhadri	(11) 5,887	(11) 2,274
Gas IPPs	(3) 1,413	(3) 579
APGPCL	92	31
RE	(3) 1,803	(5) 970
Others	(14) 7,070	(14) 2,766
Market	(2) 1,194	(4) 695
Total	52,100	20,016

POWER PURCHASE COSTS

Particulars	Amount (Rs)
Fixed Cost	6,959
Variable Cost	(65%) 12,986
Other Cost	71
Total Cost	20,016

Power purchase costs

- Average power purchase cost in 2013-14
= Rs. 3.46/Unit
- Average power purchase cost in 2015-16
= Rs. 3.89/Unit

Capital Costs of GENCO New Plants

Station	Capacity (MW)	Fixed Cost (Rs/u)
VTPS – IV	500	1.58
RTPP – II	420	2.14
RTPP – III	210	3.54
KTPS – VI	500	1.79
Kakatiya – I	500	1.79
Kakatiya – II	600	2.25
DSTPP	1600	2.06
Mundra UMPP	4000	0.98

Capital Costs of GENCO New Plants

- **PPAs not approved**
- **CAG Report (2010) Excess spending in**
 - VTPS – IV: Rs. 350 Crore
 - RTPP – II: Rs. 308 Crore (18.78%)
 - Kakatiya – 1: Rs. 555.48 Crore (26.74%)
- Undue favour to contractor BGR (Para:2.220.2)
- Controversy about award of BoP works to BGR Energy Systems Ltd.,

Capital Costs of GENCO Hydel Plants

Year	Total Fixed Cost (Rs. Cr)	Unit Cost (Rs)
2008-09	220	0.24
2009-10	908	1.01
2010-11	967	1.31
2011-12	1008	1.22
2012-13	1172	1.89
2015-16		2.06

VARIABLE COST - Coal

Coal Plant	2013-14	2015-16
RTPP	3.32	3.29
KTPS VI	1.96	2.73
VTPS IV	3.03	2.88
Kakatiya I	2.10	2.35

Fuel cost burden – Coal 1

- Compulsory coal imports to bridge supply – demand gap.
- Hike in coal prices by CIL and SCCL
- High profits to CIL and SCCL.
- CIL paid Rs. 10,414 crore dividend to GoI and SCCL paid Rs. 132.84 crore dividend to Telangana Govt this year.

Fuel cost burden – Coal 2:

Why this coal price hike?

- To bridge supply - demand gap
- “It is imperative that the private sector is encouraged to enter the coal mining sector”
- “Notified Coal India price would be highly inadequate to encourage investments in the sector”

Fuel cost burden - Gas

Gas Plant	2013-14	2015-16
GVK	2.19	2.62
Spectrum	2.48	2.76
Lanco	2.25	3.02
RIL/BSES	1.64	3.44

Natural Gas price increased from \$ 4.2 to \$ 5.61 per MBTU

Financial Restructuring Plan (FRP)

Particulars	SPDCL (Rs/Cr)	NPDCL (Rs/Cr)	Total (Rs/Cr)
Accumulated losses as on 31 st March 2013	6,455.68	3,512.00	9,967.68
Bonds issued by the state govt	2,316.69	1,744.04	4,060.73
Balance losses to be structured as loan	4,138.99	1,767.96	5,906.95
Short term loans structured	1,225.00	1,225.00	2,450.00
Annual interest cost	141.00	141.00	282.00

True Up 1

Particulars	SPDCL (Rs/Cr)	NPDCL (Rs/Cr)	Total (Rs/Cr)
Revenue gap for FY 13-14	(161.74)	48.85	
Revenue gap for FY 14-15	1283.56	292.63	
Total	1121.82	341.48	1463.30

True Up 2

- A part of the true up is because of higher fuel cost burden
- RIL charged \$4.205 per MBTU instead of \$4.20 leading to excess billing of \$9.68 millions between 2009-10 and 2012-13
- Directorate of Revenue Intelligence inquiry - coal imported from Indonesia was overvalued to the extent of Rs. 29,000 crore in the period 2011-14. Leading to increase in power tariff by Rs. 1 per unit

Reducing T&D Losses

DISCO M	T&D Losses (%)		
	2013-14	2014-15	2015-16
NPDCL	13.31	11.97	15.56
SPDCL	13.20	11.49	14.91

EPDCL of AP achieved T&D loss level of 6.96% in FY 2011

Improving Performance

Energy Efficiency/Conservation

- Industrial
- Commercial
- Agriculture
- Domestic

Deaths due to Electric Shocks

DISCOM	2013-14	1 st half of 2014-15
NPDCL	185	87
SPDCL	251	129
Telangana	436	216

Revenue Deficit – 2015-16

Particulars	Amount (Rs. in Cr)
Annual Revenue Requirement (ARR)	26,473.77
Revenue from Current Tariffs	18,908.86
Revenue from Tariff Hike	1,088.61
Deficit/Expected subsidy	6,476.30

THANK YOU