

# **Power Sector in Andhra Pradesh and Telangana during August, 2015**

## **GENERATION**

### **Andhra Pradesh cancels order allotting 972 acres of land for NCC power plant**

The government of AP has cancelled the allotment of 972.69 acres of land to NCC for setting up of a thermal power plant at Sompeta in Srikakulam district. This land will be utilised for development of multi-product industrial zone.

### **Power plant buyout of GVK's Jegurupadu unit delayed**

The proposed buyout of GVK's 216 MW Jegurupadu power project, the first private power project in the state to complete its full term of 18 years under the power purchase agreement (PPA), by the APDISCOMs was hit due to difference between GVK and DISCOMs over the buy out price. While the GVK group is demanding Rs 800 crore for the buyout, the APDISCOMs have offered Rs 321 crore. Initially, the APDISCOMs were reported to have offered Rs 293 crore and later revised it to Rs 321 crore.

Due to this difference APDISCOMs and GVK have decided to go for third party valuation. The process may take one more month.

GVK Jegurupadu project built at the cost of Rs 816 crore has earned Rs 903.36 crore as fixed cost since its inception. The GVK group also received incentive in the form of plant load factor (PLF) at 68.5 per cent, which is less than the prevailing PLF in the energy market. All gas-based units in the country are running above 85 per cent PLF and GVK benefited with lower PLF and incentive.

Three more power projects - 208 mw Spectrum power project at Kakinada, 210 mw Lanco power project at Kondapalli and 220 mw Reliance project at Samalkota - will complete their PPA term in the coming six months. The APDISCOMs plan to buy these plants also.

### **Vizag Steel Plant and NTPC to set up power plant**

RINL's Vizag Steel Plant and NTPC have entered in to an agreement to set up 1,000 MW coal based power plant on the premises of the Vizag Steel Plant.

### **Thermal Powertech synchronised unit two of Krishnapatnam plant**

Thermal Powertech Corporation India Ltd (TPCIL) has synchronised the second 660 MW unit of its 1,320 MW coal-fired thermal power plant located at Krishnapatnam in Nellore district of AP with the grid. The plant's first unit of 660 MW was synchronised in December 2014 and started commercial operations in February 2015. TPCIL plans to commence commercial operations of the second unit by September 2015. It has fuel supply agreements with Mahanadi Coal Fields and Indonesia-based PT Bayan Resources.

### **Lanco Infra declares CoD of new Kondapalli power unit**

Lanco Infratech Ltd has declared the first unit of 371 MW of phase III of Lanco Kondapalli Power Ltd, near Vijayawada, as commercially ready for operation. Lanco had declared Commercial Operations Date (COD) for this plant with effect from i.e. August 11, 2015.

According to the company sources though the project was completed much ahead the date of commissioning had been delayed due to lack of gas. With the Power Ministry of the centre making arrangements for supply of pooled gas the company had declared to declare the project as commercially ready.

### **Hearing on NTPC Pudimadaka plant**

The AP Pollution Control Board has issued a notification for holding a public hearing on August 12 on the proposed super critical power plant of the NTPC with a capacity of 4,000 MW (four units of 1,000 MW each) at Pudimadaka village in Visakhapatnam district. The NTPC already has a thermal plant with 2,000 MW capacity at Parawada in Viskhapatnam district. The environment impact assessment report has been prepared by the Vimta Labs, Hyderabad.

The plant will be run on imported coal and it is estimated that it would require 13.7 million tonnes of coal per annum. It would generate 1.68 MTPA of ash per annum, of which 1.35 MTPA would be fly ash. According to the EIA report there would be proper fly ash handling systems and the state-of-art technologies would be used. A desalination plant would be built to make use of sea water. The report mentioned that olive ridley turtles have been sighted near the Pudimadaka beach.

### **Centre sanctions 1,500-MW solar park to AP**

The central government's Ministry of New and Renewable Energy has sanctioned a 1,500-MW mega solar power park in Kadapa district of Andhra Pradesh. This will be the third park of over 1,000-MW capacity to be taken up by the State. The other two are being executed by NTPC in Anantapur and Kurnool districts. NTPC is the developer and thermal power will be bundled with solar.

The tenders for the Kurnool project are expected to be finalised later during the month, and the tenders for the phase two of 750 MW for the NP Kunta project in Anantapur would be invited shortly. The phase one of 250 MW has been tendered out and now under execution. The first bunch of projects of 619 MW tendered out by the State in 2014 are expected to be implemented before March 2016 as per schedule.

Besides these projects APGENCO plans to set up a 500-MW (250x2) solar park in Anantapur. Rural Electrification Corporation was reported to have agreed to lend Rs.3,000 crore for this.

### **New GENCO Plants**

The entire 1,600-MW Krishnapatnam thermal power project is expected to be fully operational and supply power shortly to the State grid. The necessary evacuation line has also been commissioned. The tenders for the two expansion projects of 800 MW each (eighth unit) at Vijayawada and the third unit at Krishnapatnam would be taken up shortly.

### **APERC announced tariff for new wind projects**

The Andhra Pradesh Electricity Regulatory Commission (APERC) has approved a tariff of Rs. 4.83 per unit, without accelerated depreciation, and Rs. 4.25 per unit with accelerated depreciation benefit, for wind power projects. The new tariff is applicable for all new wind power projects entering into power purchase agreements with effect from July 31, 2015 and valid up to March 31, 2016. The tariff will be valid for 25 years.

The APERC adopted a capital cost of Rs. 6 crore per MW including evacuation cost, operations maintenance expenses of Rs. 8.57 lakh per MW, depreciation of 7 per cent per annum for 10 years, capacity utilisation of 23.5 per cent and return on equity at 16 per cent. The interest cost on debt is pegged at 13 per cent with the loan tenure of 10 years. The interest on working capital has been fixed at 13.5 per cent with the debt equity ratio of 70:30.

### **Telangana solar power bids finalised**

Financial bids for the 2,000 MW solar tender in Telangana were opened on 3<sup>rd</sup> August, 2015. Telangana DISCOMs they received bids for generating 5,998 MW. SkyPower, the Canadian company, quoted the lowest tariff of Rs.5.17/kWh. This is for one project of 50 MW. For other three projects of 50 MW each it has quoted Rs. 5.26. ACME Group won the mandate for 446 MW at weighted average tariff of Rs. 5.84 per unit. It accounted for 22 per cent of the capacity for which tenders were called. Suzlon, the wind turbine manufacturer debuted in the solar space by winning bid for a 210 MW project in Telangana. The other winners include Mytrah (325 MW), ReNew Power (150 MW), Hero Future Energies (100 MW), Shapoorji Pallonji (150 MW) and Mahindra EPC (142 MW). The weighted average tariff stood at R5.73 per unit. Tariffs quoted for 2,000 MW of grid-connected solar power sought by Telangana have averaged below R6 per unit in an indication that these continue to decline.

## **Singareni Collieries lights up 2nd boiler of Telangana project**

The lighting up of the second boiler of the Singareni Collieries Co Ltd's (SCCL) thermal power plant being set up at Jaipur in Adilabad district of Telangana took place at the plant on 6<sup>th</sup> August. SCCL expects to commission unit one of 600 MW of a 1,200 MW thermal power project by January 2016 and a second unit of 600 MW by March 2016. About 95 per cent of the boiler, turbine and generator (BTG) component of the power plant was completed as per schedule and the balance of plant works are under way.

## **Dispute between Telangana as Andhra Pradesh**

Dispute between AP and Telangana over sharing the power purchase cost continues. Following the AP Reorganisation Act AP claimed that it had been generating power by bearing production costs and has been supplying it to Telangana ever since the bifurcation of the erstwhile Andhra Pradesh in June 2014. According to AP Telangana had to pay it about 1,124 crore and Telangana paid about Rs. 50 crore a few days back and they still need to pay another 1,075 crore. Telangana is disputing the quantum of dues. According to Telangana the actual dues might work out to less than 400 crore.

## **FUEL**

### **SC reserves judgment on K-G basin price arbitration**

The Supreme Court reserved its judgment on the appointment of an umpire arbitrator in a dispute over non-revision of domestically produced natural gas prices from its most touted KG-D6 block on the east coast.

### **Gas prices to come down below \$4.2/unit from 1 October**

Natural gas prices in India may, from 1 October, fall below \$ 4.2 per unit, a rate that was used last year to devise a new pricing formula to incentivise domestic exploration.

The central government had in October last year announced a new pricing formula that led to rates rising by about 33% to \$5.61 per mmBtu for a period up to March 31, 2015.

The rates, on net calorific value (NCV) basis, dropped to \$5.05 per mmBtu for six month period beginning April 1, 2015. "Preliminary calculations based on average price in the gas

hubs stated in the formula indicate that the rate from October 1 is likely to be \$4.16 or \$4.17 per mmBtu on NCV basis,” an Oil Ministry official said.

### **ONGC to spend \$6-7 bn on KG basin block**

The public sector ONGC will spend about \$6-7 billion to pump natural gas from the KG-DWN-98/2 block off the east coast over the next three years. Gas production from the offshore deep-water block is likely to commence in 2018.

### **AP to lay two pipelines to meet its gas needs**

The Andhra Pradesh government is laying two major pipelines to transport natural gas explored in the Krishna-Godavari Basin. The first pipeline is from Kakinada to Srikakulam covering 301 km spread over the four north coastal districts of East Godavari, Visakhapatnam, Vizianagaram and Srikakulam. The second pipeline is from Kakinada to Nellore covering a distance of 501 km and connecting all major power stations being developed in Krishna, Guntur, Prakasam and Nellore.

Both the pipelines will be laid by the AP Gas Development Corporation (APGDC), a joint venture company of Andhra Pradesh government and GAIL Gas Limited with 50% equity each. The corporation was established to have a regional gas pipeline distribution network in various cities and towns in the state.

### **Singareni Collieries output reached 4.5 mt in July**

SCCL achieved coal production of 4.5 million tonnes during July 2015, against its production target of 3.9 mt, registering 116 per cent of targeted production. During July 2014, SCCL had logged production of 3.6 mt. SCCL is in the process of opening up three new mines. These include Kondapuram underground, Bellampalli opencast 2, and Godavarikhani opencast 3.

## **DISTRIBUTION**

### **Nine hour power supply to agriculture**

In order to facilitate nine hour power supply to agriculture in its area in Telangana TSSPDCL is planning to spend Rs. 648 crore on strengthening of distribution net work. This will include providing new and interlinking of 33kV lines, laying 1,894 km length of 23 new transmission lines, installation of 328 additional transformers, enhancing capacity 313 existing transformers.

## **No additional deposits without prepaid power meters**

Justice A Ramalingeswara Rao of Hyderabad High Court in his judgment held that it was unfair on the part of DISCOMs to demand additional consumption deposits from industries without installing prepaid meters. The judge, while disposing of petitions by industries in both Andhra Pradesh and Telangana, directed the DISCOMs to install prepaid meters in the industries, which have sought such meters, within six months. Till then the industries can pay only half of the demanded deposit. Justice Ramalingeswara Rao did not accept the argument of DISCOMs that they are unable to procure adequate number of prepaid meters. The judge said that when such procurement has not become a problem for the neighbouring states, the same cannot be a problem here.

## **AP power consumers set for a tariff shock**

APDISCOMs filed true up claims for the period of 2009 – 2014 claiming Rs 7,209 crore as true-up charges. This is more than 25% of the aggregate revenue approved by APERC for 2015-16. While SPDCL claimed Rs 866 crore for distribution business and Rs 5,185 crore for retail supply business, EPDCL claimed Rs 478 crore for distribution and Rs 680 crore for retail supply under various heads. This includes the interest burden of Rs 1,747 crore for the delay in realization of the revenue.

SPDCL claimed that power purchase was lower by 7060 MU than allowed by the APERC the power purchase cost had increased by Rs 2, 894 crore. In the case of EPDCL while power purchases were lower by 4,308 MU revenue loss was to the tune of Rs 2,186 crore.

## **GENERAL**

### **Solar-powered apartments launched in Hyderabad**

A real estate firm Supra Builders in Hyderabad has built a housing complex with eight apartments powered up by solar photovoltaic lighting and heating system. It is fully powered by solar photovoltaic system. The builder has installed a 12 kilowatt solar roof top facility which illuminates 200 lights, some 40 fans, eight television sets, and computers. It has a 1,000-litre heating system adequate to meet the requirements of the residents.