

Power Sector in Andhra Pradesh during December 2013

POLICY

AP to ensure enough power for rabi crops

The Andhra Pradesh Government stated that it would ensure power supply of seven hours to the farm sector during the present rabi season. The State has requested NTPC and Talcher Coalfields to resolve issues and ensure adequate coal supplies. The Centre has allocated additional coal blocks from Sarapal-Nuapara in Odisha to AP that has coal reserves of more than 700 million tonnes. This is likely to ensure sufficient coal stocks for proposed power plants of AP Genco. The capacity addition will be from on-going projects at Krishnapatnam units I and II of 800 MW, Kakatiya 600 MW, Sagar Tail Pond of 50 MW and Lower Jurala of 80 MW totalling 2330 MW. The State is likely to get 255 MW from Tuticorin and 120 MW from Central Generating Stations and 520 MW each of Hinduja Unit I and II Unit are likely to be commissioned by 2013-14. Besides, 500 MW solar and 500 MW wind energy is likely to be added taking up the capacity addition to about 4745 MW by the March 2014.

Solar PV Plants

The state government is reported to be in the process of preparing a plan to set up solar PV plants at the sub-stations during the 12th plan period. 234 sub-stations were identified to set up 100 MW solar power plants.

Vijayawada and Mahabubnagar to be solar cities

The Ministry of New and Renewable Energy Sources (MNRE) allocated two solar cities in Andhra Pradesh. The MNRE identified Vijayawada in coastal Andhra and Mahabubnagar in Telangana regions to be developed as solar cities. The master plan for Vijayawada city has been prepared with an estimated cost of Rs 256.50 crore for various projects on solar grid connected and off grid applications, waste to energy, bio-methanisation, solar water heating systems etc. In the case of Mahabubnagar Municipality the action plan is yet to be prepared. For Vijayawada solar city, Rs 12.20 lakh has been released for the preparation of master plan and setting up a solar city cell and promotional activities. A solar city aims to reduce a minimum of 10 per cent

of its projected demand of conventional energy through generation from renewable energy installations and energy efficiency measures.

AP to focus on electrification of remote habitations

The Andhra Pradesh Government has prepared an action plan to take electricity to non-electrified remote locations in the State. Under Rajiv Gandhi Grameen Vidyutikaran Yojana during the XII Plan 14,670 villages in the state will be covered and provide 10.25 lakh connections to BPL households in 17 districts. This is expected to cost Rs 666 crore. About Rs 3,000 is being spent on each BPL connection.

Division of Power Sector

According to the Note prepared by the central government on division of the state after bifurcation the units of APGENCO will be divided between the two states based on geographical location of the power plants. The existing PPAs will continue for both the existing projects as well as ongoing projects. The state with deficit will have first right of refusal to purchase power from the surplus state. The existing TRANSCO will continue as a common utility till successor states forms their own facility. The districts of Anantapur and Kurnool will be reassigned from CPDCL to SPDCL. Within a period of six months the successor states will establish Electricity Regulatory Commissions.

GENERATION

GMR Infra seeks gas plant's fixed cost from APDISCOMs

GMR Infrastructure has sought Rs 480 crore for recovering fixed costs for its 388.5 MW gas-based power plant from APDISCOMs. The power plant is lying idle for lack of gas from RIL's KG block since the start of this financial year.

Solar plant commissioned in West Godavari district

A roof top, solar PV power plant was commissioned at the Sri Vishnu Educational Society, Bhimavaram Campus in West Godavari district. The 200 kW unit has the capacity to produce 820 units per day on average. During summer, the peak capacity of 1000 units can be generated while during rainy season, the minimum units produced would be around 600 per day. The unit

can generate around 3 lakh units per year. The installed project will meet about 10 per cent of the campus power requirement. The total project cost is Rs 2.6 crore. Of this, 30 per cent was obtained as grant from the Ministry of New & Renewable Energy as capital subsidy.

Solar plant for Civil Supplies dept

The State Civil Supplies department has got a 20 KW solar power plant atop its building in the city. It is a first of its kind in the Government sector. It was expected to save 3,000 units every month for the department. The life of the plant is 25 years and payback period about four year. It is estimated to save roughly about Rs 50 lakh for the rest of the period.

Mytrah Energy adds 150 MW wind power capacity

Mytrah Energy Ltd is implementing wind farms with total capacity of 37.4 MW at Burugula in Andhra Pradesh. Burugula is one of the self-development projects constructed on the company's land with Gamesa.

French company takes over Meenakshi Infra Plant

French company GDF Suez was reported to have finalized a deal to purchase 74 percent of Meenakshi Infra Ltd's 1,000 MW coal based thermal plant located in Nellore district. At present 300 MW of the plant is in operation. The remaining 700 MW was expected to be completed by 2015. Until now Rs. 3,500 crore were spent on the plant. Out of this Rs. 1,500 crore were spent on the 300 MW which is in operation. GDF was reported to have paid Rs. 650 crore for the 74 percent of the plant.

FUEL

Andhra Pradesh government seeks more gas from ONGC

The Andhra Pradesh government requested the Centre today to allot additional natural gas for its power plants. The AP government said that it currently receives 0.5 mmscmd from ONGC for its power plants and it needs an additional 0.5 mmscmd. Due to shortage of natural gas, only five to six million units of electricity are generated, as against an expected 34 million units and depletion of natural resources made power supply a major challenge.

RIL likely to give \$1.2-bn bank guarantee for higher gas price

RIL and its partners, BP and Niko Resources may have to provide a maximum of \$1.2 billion in bank guarantees over three years to get nearly double the rate for natural gas being produced from the main fields in KG-D6 block.

The Cabinet Committee on Economic Affairs had decided on December 20 to allow RIL to almost double the price of natural gas from April, provided the firm gave a bank guarantee to cover its liability if gas-hoarding charges are proved. The guarantee, equivalent to the incremental revenue RIL will get from the new gas price, will be encashed if it is proved the company hoarded gas or deliberately suppressed production at the Dhirubhai-1 and 3 fields in the eastern offshore KG-D6 block since 2010-11.

Considering that gas prices will rise from \$4.2 a mBtu to \$8.2-8.4 with effect from April, the bank guarantee — being the difference of current and new price — will come to \$4 billion. The guarantee for the entire remaining recoverable gas reserves of about 0.75 tcf in the D1&D3 fields comes to \$3 billion. At current rate of production of about eight million standard cubic metres a day, D1&D3 will produce about 0.3 tcf in the next three years — the time that may be needed to settle the issue of gas hoarding charges. The guarantee for 0.3 tcf comes to \$1.2 billion.

D1&D3, the first of the 19 discoveries in eastern offshore KG-D6 block that was put on production in April 2009, originally was estimated to hold 10.03 tcf of reserves. But these were slashed last year to 2.9 tcf based on production data for the first three years. Of the re-stated reserves of 2.9 tcf, about 2.2 tcf have already been produced in first four-and-half-years and balance of about 0.75 tcf remains to be produced.

Gas prices may jump from \$4.2 to \$10 in 2016-17

Natural gas prices in India may rise to \$ 10 in the next three years because of implementation of Rangarajan formula. According to an estimate the price will be \$ 8.3 per mBtu in 2014-15 as against current rate of \$4.2. This will rise to \$ 9.1 in FY 2016 and to \$ 9.4 in FY 2017. As per this formula the price would be more than \$10 by 2018. Natural gas price will change every quarter based on 12 month average of global rates and LNG import prices with a lag of one quarter. It was estimated that gas producers would get \$4 billion in revenue from higher gas price. Government will get additional income of \$ 505 million because of this fuel price hike. After accounting for additional fertilizer subsidy of about \$360 million government will have a subsidy of \$101 million.

House panel for review of Rangarajan gas formula

The parliamentary panel on petroleum and natural gas sought a review of the Rangarajan formula that will be used to determine natural gas price from April next year. It recommended fixing the rate after factoring in the domestic cost of production.

RIL's KG output to plod at 10 mmscmd for 5 yrs

Gas production from RIL's KG Basin D6 block could stagnate at 10 mmscmd for the next five years that is up to 2018. Output would rise with new fields starting production.

ONGC to up gas output from KG Basin, awaits report for RIL infra sharing

Oil and Natural Gas Corporation (ONGC) expects to increase natural gas output from the Krishna Godavari Basin (KG Basin) region by commissioning two more wells — GI and SI Vasistha. It expects to boost output by another 6 mmscmd from G4, D and E wells by 2016-17. With the addition of gas output from two more wells by August next, the output from all the three wells, including operational, will go up to 2 mmscmd, but will not be big enough to make a difference to power plants now based in Andhra Pradesh.

Cairn discovers more gas prospect in Ravva block

Cairn India and its joint venture partners (Cairn (22.5 per cent) and its partners – Marubeni-owned Ravva Oil (12.5 per cent), Videocon (25 per cent) and ONGC (40 per cent)) in the oil and gas producing Ravva block in the East Coast have discovered a new prospect in the existing fields. The new area is expected to see hydrocarbons flow in the next three-four years. According to estimates, the LO-110 prospect holds 368 billion cubic feet (10 billion cubic metres) of 'recoverable gas' and 16 million barrels of 'condensate'. The first round of gas production is likely to come by 2016-17. The LO-110 is likely to produce until 2022-23. It will take at least three months to drill the exploration well in the new area. Earlier, the Ravva Operating Committee approved Cairn India's proposal to drill one exploratory well and two 'contingent' appraisal wells.

Cairn India to invest up to \$750mn on KG-Basin Block over 5yrs

Cairn India has urged the Director General of Hydrocarbons to declare one of the wells in its onshore KG-ONN-2003/1 block at Nagayalanka on East coast as 'Commercial Discovery'. Once the DGH approval comes, the JV will invest \$700-750 million over 3-5 years on the Block. The investment includes creation of necessary infrastructure and production.

DISTRIBUTION

AP may hike power tariff next fiscal

According to the annual revenue requirements (ARR) filed by the DISCOMs with the AP Electricity Regulatory Commission, the hike will be particularly severe on high tension power consumers, which may go up by about 24 per cent. For domestic consumers it is likely to go up by 50 paise to Re 1 per unit depending upon the slab. While the annual revenue requirement is projected to be Rs 52,753 crore, the projected total revenue from current tariffs is expected to be Rs 36,345 crore, leaving a revenue deficit of Rs 16,409 crore. The average cost of supply is expected to be Rs 6.32 per unit, reflecting an increase of Rs 1.07 per unit over last year. This works out to about 20 per cent. However, the average revenue realisation is Rs 4.36 per unit, leaving a revenue gap of Rs 1.97 per unit. The State Government support with proposed tariffs, including agricultural subsidy is Rs 7,089 crore. The total energy available from long-term sources of 85,582 million units and restricted requirement is 99,046 mu, leaving a deficit of 13,464 mu. This is to be met from bilateral sources and use of R-LNG. there is seven per cent (37 paise per unit) increase in power purchase cost, 4.5 per cent hike in transportation cost, increase in gas price from \$ 4.6 to \$ 8.8 mmBtu, with exchange rate up by about 3 per cent. There is also increase in network cost. After all this, there is a revenue deficit of 27 paise per unit (5 per cent) for 2013-14, to be recovered along with tariffs for next financial year.