

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

## **POLICY**

### **Andhra Pradesh joins UDAY scheme**

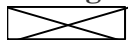
Andhra Pradesh has become the first state in the country to join the Union Government's scheme Ujwal Discom Assurance Yojana (UDAY) for revival of debt ridden power distribution companies in the state. The UDAY scheme aims to reduce the interest burden, cost of power, and aggregate technical and commercial losses, leading to sustainable operation of distribution companies.

The UDAY scheme has in-built incentives encouraging State governments to voluntarily restructure their debts. These incentives include taking over of distribution companies debt by States outside the fiscal deficit limits; reduction in the cost of power through various measures such as coal linkage rationalisation, liberal coal swaps, coal price rationalisation, correction in coal grade slippage, allocation of coal linkages at notified prices, priority/additional funding through schemes of Ministry of Power and Ministry of New and Renewable Energy and reduction in interest burden.

### **Telangana signs up for 'Power for All'**

Telangana became the sixth state to sign an agreement with the central government for 'Power for All' scheme. The scheme will address all key aspects and activities to be undertaken across generation, transmission and distribution including 100 percent household electrification. Rs. 18,983 crore will be spent in transmission and Rs. 23,817 crore will be spent in strengthening distribution network. About 11.4 lakh agricultural pumpsets are proposed to be replaced with an investment of Rs. 2,280 crore. The scheme will also cover replacement of traditional lights in houses with LED bulbs.

### **Telangana Government may waive power dues of Hyderabad consumers**



In the background of the elections to the Greater Hyderabad Municipal Corporation (GHMC) council scheduled to be held in January 2016, the Telangana government is reported to have decided to waive electricity and water bill dues in the city. Citizens owe water and power utilities amounting to about Rs 423 crore in pending bills, and the state government would reimburse the dues to the respective agencies. About six lakh consumers, especially those

who consume less than 50 and 100 units of power each month, have not been able to pay their bills, with the dues piling up to Rs 128 crore in the past few years. Though the waiver burdens the state government financially, the state government was reported to be ready to bear the cost in view of the welfare of the people.

## **GENERATION**

### **Private power developers cry foul over 'tailored' tender norms in AP**

It was alleged that the tender norms for the two 800 megawatt each power projects at Krishnapatnam and Vijayawada were altered resulting in restricting participation and in the shortlisted firms quoting abnormally high prices. The changed bidding terms unduly benefit select few entities, curtail competition and adversely affects many competent firms.

The AP utilities had deviated from own standard pre-qualification norms practiced for years. They also reported to have diverged from model bidding procedures. As against the accepted norm that the participating companies should have executed at least one similar project that was successfully operating for at least an year, the AP utilities had set a condition of at least two similar projects where at least one should have just been synchronised and one should be a government project.

The shortlisted companies are reported to have quoted at least 25% above the average prices of recent past. They estimate a minimum loss of Rs 2,800 crore to the state exchequer on account of high bids, apart from additional burden of higher electricity tariff for common electricity consumers. In the case of several power project contracts awarded by Gujarat, Maharashtra and NTPC over the last few months the EPC contract per megawatt had worked out to a maximum of Rs 4.76 crore and a low of Rs 3.94 crore. The restricted competition in AP had resulted in the lowest bid of Rs 6.3 crore a megawatt for Krishnapatnam project and Rs 5.85 crore a megawatt for Vijayawada facility.

### **Andhra Pradesh demands share in Telangana power**

The AP government has decided to demand a share in power from Telangana's two new plants located at Bhupalapalli and Singareni. AP's contention for claiming a share in power is that the two plants were funded by undivided Andhra Pradesh.

500-MW first unit of the Bhupalapalli thermal station is already in operation and its second unit, with 600 MW capacity, is set for commercial operation shortly. Singareni is setting up two 600-MW power plants at Pegadapalli in Jaipur mandal, which is in an advanced stage of

construction. Unit-1 of the project will be synchronised by January and Unit-2 by March, 2016.

As per the power sharing formula AP will get 46.11 per cent and Telangana 53.89 per cent from the total power generated in the two states.

### **Vizag port will be the first to launch solar project**

Visakhapatnam port will be the first major port to commence a solar power project as part of the Shipping Ministry's 'Solarisation of Ports' initiative, according to sources. The Visakhapatnam Port Trust expects to commission a 2 MW plant by January and an 8 MW plant by March. The project was awarded to Jakson Engineering with ground development, topography and contour completed on 40 acres and going on in the remaining 10 acres. Solar Energy Corporation of India is the project management consultant for these projects.

### **AP to be power-surplus state**

The expansion of Krishnapatnam thermal station had added 800 MW to the state grid. Hinduja project, which was recently synchronized, will add another 520 MW. This is expected to make AP surplus in electricity. The state will have 500 MW surplus power even during peak summer season.

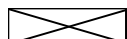
AP had joined the national gas pooling scheme which allowed it to harness 430 MW every day.

The state government planned two expansion projects, one at Vijayawada thermal station and another at Rayalaseema thermal station. Work on these two units will be completed by 2017. The two projects will add another 1,050 MW to AP state grid.

Apart from this, two major solar projects in Anantapur are nearing completion and they will add about 500 MW capacity to the state grid.

The Andhra Pradesh government will set up two super critical thermal power plants with an installed capacity of 800 MW at a cost of Rs 4,800 crore each at Krishnapatnam and Vijayawada. A cheque of Rs 430 crore was handed over to BHEL as advance for the erection of boilers at those two plants. BHEL has been asked to complete the two projects within complete the two projects within a period of 36 months.

### **APERC to decide on Hinduja power plant**



The dispute between AP DISCOMs and Hinduja Power Corporation over the cost of the 1,040 MW power project near Visakhapatnam is not over.

The promoters of the project, Hinduja group, had come out with a fixed cost of over Rs 8,000 crore. AP DISCOMs disputed this valuation. AP DISCOMs estimated the fixed cost of the project at Rs 5,500 crore. The matter was placed before the APERC. ERC will hear arguments of both parties and finalise the fixed cost which will be binding.

Hinduja National Power Corporation Limited (HNPCL) had signed an agreement with the state government in 1998 to set up a 1,040-MW coal-based thermal power plant. The government allotted 1,122 acre land in Dewada and Palavalasa villages in 1999 and the construction commenced in 2011. At the time of launch, the cost of the project was proposed as Rs 5,500 crore based on the international bench mark rates of Rs 5.5 crore per MW .

### **AP Solar Corporation sanctions 4,000 MW power parks**

Andhra Pradesh Solar Power Corporation Limited - a joint venture of AP Genco, New and Renewable Energy Development Corporation of Andhra Pradesh and Solar Power Corporation of India (SECI) - has achieved the distinction of sanctioning 4,000 MW of solar power generation parks under the Ministry of New and Renewable Energy.

The corporation has sanctioned ultra mega solar parks at Anantapur (1,500 MW), Kurnool (1,000 MW) and Kadapa (1,500 MW). Of the 27,263 acres required for implementation of these solar parks, 12,038 acres are already in the possession of the corporation.

For about 2500 MW solar capacity, developers have already been identified, tendering process is in advanced stage and EPC contracts will be awarded by January. For the remaining 1500 MW, 1000 MW has already been tendered out and 500 MW is close to completion.

### **SoftBank venture wins first solar power project in India**

SB Energy, a joint venture between Japan's SoftBank Group Corp., India's Bharti Enterprises Ltd and Taiwan-based Foxconn Technology Group, has won a 350 megawatt (MW) solar power project in Andhra Pradesh. SB Energy won the project under the Jawaharlal Nehru National Solar Mission at a 25-year tariff of Rs.4.63 per kilowatt-hour (kWh), SoftBank said in a statement. It is the first renewable energy project that SB Energy has won in India. The 350MW capacity is meant for a single project inside the Ghani Sakunala Solar Park developed by NTPC in AP.

The auction, which concluded late on Monday night, also saw Yarrow Infrastructure Ltd, a part of the IndiaBulls Group, bid at Rs.4.64, while Azure Power India Pvt. Ltd bid at Rs.4.76 and Reliance CleanGen Ltd bid at Rs.4.88, according to two companies who participated in the auction. Other bidders that quoted a tariff above Rs.5 per kWh included Goldman Sachs-

backed ReNew Solar Power Pvt. Ltd, China's Trina Solar's unit Mira Zavas Pvt. Ltd and Marikal Solar Parks Pvt. Ltd, a unit of American photovoltaic module maker First Solar Inc.

### **Adani Power, Azure Power bag 150 MW solar projects**

In the online reverse auction conducted by NTPC where ten companies participated Azure Power and Adani Power have bagged tenders for 150 MW of solar power projects. While Azure Power won 100 MW at a tariff of Rs 5.12/unit, Adani Power bagged the remaining capacity at Rs 5.13/unit. The projects will be built in the Andhra Pradesh solar park coming up at Kurnool. It is almost 11% higher than the first two auctions priced in the same solar park. These two projects would be developed using domestically manufactured solar modules.

### **Telangana floats tenders for short term power purchase**

Telangana power utilities invited bids to supply 2,000 MW power for one year from May 2016 to May 2017. The existing PPAs for short term power will come to end in May 2016.

### **Expert Appraisal Committee inspects Yadadri plant area**

Expert Appraisal Committee for Environmental Clearance set up by the MoE&F inspected Damarcharla mandal in Nalgonda district where Telangana state government is planning to set up 4000 MW Yadadri Power plant. One of the issues explored by the Committee is related to impact on Tungapadu stream which meets the Krishna river just 2 km away from the plant site after flowing through the land meant for the plant.

### **How Telangana is breaking the law to build a power project**

The Telangana government wants to build a 1,080 megawatts coal-fired Bhadradi thermal power project near Manuguru in Khammam district. The Bhadradi project is opposed on the grounds that it would cause social and environmental damage in the tribal-dominated, forested district of Khammam. Also, the Ministry of Power of GoI questioned use of sub critical technology in setting up the project.

The project has not obtained environmental clearance from the Union Ministry of Environment and Forests. Construction of an industrial project cannot begin without environmental clearance.

The Telangana Power Generation Corporation has disregarded the laws and begun construction on the site, allege activists of the Human Rights Forum. On December 15, based on the evidence submitted by the activists, the National Green Tribunal put a stay on further construction. Even this stay order of NGT did not stop the Telangana government from continuing the work on the project.

## **MoEF gives nod to NTPC's Telangana power project**

The Ministry of Environment and Forests has given environmental clearance for 1600 MW (2x800 MW) to be set up by NTPC in Telangana. These two units are being set up as an expansion of the existing units at Ramagundam in Karimnagar district. The expansion is part of the 4,000 MW power plant proposed to be set up in Telangana. NTPC had sought land from the Telangana government for the rest of the capacity.

The cost of the expansion project is about Rs 9,954.20 crore, which includes about Rs 834.81 crore for environmental protection measures. The coal requirement will be 8 million tonnes per annum and has been allotted from Mandakini-B Coal Mine block in Odisha.

## **Telangana to issue letters of intent to solar developers soon**

The Telangana state government will issue letters of intent (LoIs) to the companies that had qualified to install power plants through the recently held bidding for the same. A letter of intent is a document that precedes the final power purchase agreement (PPA) entered into by producers and procurers. There has been a delay of over a month from the original schedule in LoI issuance, apparently because of a rethink on the part of the state government on the tariff discovered in the light of the experiences of other states. The Telangana government was reported to be deliberating the options to bring the discovered tariff down. While the weighted average tariff offered to Telangana was R5.79 per unit in August this year, the same for Punjab and Uttarakhand in the following two months were R5.6 and R5.76 per unit. The tariffs discovered in bids conducted by NTPC in November under the national solar mission crashed to new low of R4.63 per unit.

## **FUEL**

### **Singareni Collieries attains 108% of production target**

Singareni Collieries Company produced 37.5 million tonnes of coal in last 8 months against the target 34.6 million tonnes, registering 108 per cent in terms of production target. SCCL supplied 38.1 million tonnes of coal during last eight months. Out of this, the company supplied 21.6 lakh tonnes as per Fuel Supply Agreements (FSAs) against target 18.1 million tonnes with 120 per cent achievement. During November, the company produced 5.27 million tonnes against target 4.83 million tonnes, registering 109 per cent achievement with 15 per cent growth over last year in a single month. During November last year, the company had produced 4.56 million tonnes.

## **RIL may have pumped 15% of ONGC's gas, says consultant**

Dallas based US consultant DeGolyer and MacNaughton (D&M) has found that as much as 15 per cent of the gas RIL and its partners pumped out of their block in the Krishna Godavari basin could belong to ONGC. The consultant reportedly opined that nearly 11.2 billion cubic metres (bcm) of gas migrated from ONGC's area to RIL. Of this, the private explorer is believed to have commercially drilled nearly 8.2 bcm of the migrated gas and sold it to customers.

The report has also confirmed 'reservoir continuity' between the blocks of the two parties. The reserves in the D-1 and D-3 fields of the Reliance-BP-Niko KG D6 block total 2.9 trillion cubic feet, of which 2.1 trillion cubic feet has already been extracted. Since the fields have been producing from 2009, a joint development of the fields is not possible as there is a residual life of just three to four years.

ONGC is expected to seek existing benefits along with compensation for the previous years. The Ministry of Petroleum ministry will examine if the RIL had violated any rule defined in the relevant production sharing contracts (PSC) or the Indian Penal Code (IPC). The Directorate General of Hydrocarbons (DGH) has been entrusted to come out with a technical analysis of the D&M report.

The Delhi High Court had directed the Ministry to look for a conclusion within six months of submission of the report.

## **Shah panel to look into RIL-ONGC gas dispute**

The Ministry for Petroleum and Natural Gas has referred the American consultant DeGolyer and MacNaughton (D&M) report on the dispute between Reliance Industries Ltd and ONGC to a single member committee under Justice AP Shah. The committee will consider legal, financial and contractual provisions and suggest the action to be taken by the government within three months. Since the committee was constituted on December 15, the three months timeline will expire on March 15, 2016. The AP Shah committee will suggest a future course of action and also 'quantify the unfair enrichment' on account of gas migration.

## **LNG terminal coming up at Krishnapatnam port**

LNG Bharat Pvt Ltd is setting up a floating LNG terminal with a capacity of 5 million tonnes a year at Krishnapatnam port in Nellore district. The company had taken 120 acres from the port and leased a berth for setting up the terminal and a pipeline would also be laid from Krishnapatnam to Ennore in Tamil Nadu, via Sullurupeta and Sri City. The total project cost, including the terminal and the pipeline, would be Rs. 1,400 crore. Gas Transmission India Limited - had been floated to take up the pipeline work from Krishnapatnam to Ennore.

## **TRANSMISSION**

### **Power Grid completes Khammam-Nagarjunasagar transmission line**

The central transmission utility Power Grid Corporation had successfully completed the Khammam-Nagarjunasagar transmission line which would facilitate inter-state exchange of power in southern region. According to the company statement "Powergrid Vizag Transmission Ltd, a wholly-owned subsidiary of Power Grid Corporation of India Ltd, secured through tariff based competitive bidding process has successfully charged the first element of the project: Khammam -Nagarjunasagar 400kV D/C Transmission line on December 31, 2015, within the completion schedule specified." The transmission line of about 150 km traverses the states of Telangana and Andhra Pradesh.

## **DISTRIBUTION**

### **Electrification of remote villages in AP**

As part of 'Electricity for All' APEPDCL will be providing power to 1.29 lakh households in 10,000 villages spread over five districts by March 31, 2016. Most of the households are located in inaccessible tribal hamlets in mandals such as Seethampeta in Srikakulam district, Parvathipuram in Vizianagaram district, Paderu in Visakhapatnam district, and Rampachodavaram in East Godavari district. While most of the villages will be covered by conventional energy sources about 165 hamlets in Paderu mandal will be electrified with solar power. APEPDCL plans to set up 3kW to 4 kW solar plants in each of these hamlets.

### **APERC turns down DISCOMs' request for true up**

APERC did not accept APDISCOMs' request for true up covering 2<sup>nd</sup> control period 2009-14. The Commission directed GoAP to pay Rs. 1,016.68 crore to SPDCL and Rs. 356.17 crore to EPDCL towards the additional power purchase cost for supply to all eligible agricultural consumers during the control period. Other amounts shall be deemed to be part of liabilities taken over by the state government under UDAY scheme or financial restructuring plan. Therefore, no amount has to be passed through to consumers.

### **Circular Network to encircle HMDA**

A circular network of power transmission and distribution lines with a capacity to meet demand up to 8,500 MW in the Hyderabad Metropolitan Development Authority (HMDA) is



being set up with an estimated investment of Rs. 2,000 crore and the works are expected to be completed by March 2016. Network is being set up for island mode of power supply. The island mode of supply relates to supply of power from all sides so that the city remains unaffected from interruptions in the national or regional grid. In the event of failure of grid the city would get power independently from generation stations bypassing the grid. A ring of sub stations is formed.

400 kV transmission lines to a length of 78 km with an investment of Rs. 1,920 crores were laid connecting Ghanpur, Mamidipally, Shankarapally, Gajwel and Mallaram sub-stations. Seven 220 kV sub-stations were set up at Miyapur, Bongulur, Nagole, Erragadda, Osmania University and Tukuguda with a cost of Rs. 893 crore. Eight sub-stations will come up by March 2016 at Fever Hospital, Moosarambagh, Patigadda, NIMS, Hayathnagar, Rayadurgam, Mylapur, and Narayanaguda at a cost of Rs. 693 crore. Nine new sub-stations are planned at Dommara, Pochampally, Kaitlapur, Ibrahimbagh, Moulali, Seetarambagh, Rastrapathi Nilayam, Vayupuri, Chanchalguda and Petlaburz costing Rs. 334 crore.

### **DISCOMs may put off power tariff hike till GHMC polls**

According to Electricity Act an ARR has to be filed by the two DISCOMs, Southern and Northern power distribution companies of Telangana, 120 days before the beginning of the next financial year that is by last week of November. But there is no sign of ARRs being filed. Though the exercise to prepare ARRs started two months ago the DISCOMs had decided to seek more time for filing ARR as the exercise has not yet been completed. One of the reasons shown by the officials was the Centre's recent announcement of Ujwal Discom Assurance Yojana (UDAY) for financial restructuring of debts of power distribution companies.

The prime reason may be that the state government wanted to delay the process as the civic body elections are due for GHMC and also for Khammam and Warangal municipal corporations in addition to bypoll for Narayankhed assembly constituency and some other municipalities in the state.

## **OTHERS**

### **SolarTown sets up residential lease based rooftop solar system**

SolarTown Energy Solutions has installed a 6 kW solar rooftop system on a 2,400 square foot multi-level residential property located in Film Nagar, Hyderabad under a residential lease programme. The residential lease programme comes with zero up-front costs and fixed monthly rates lower than DISCOMs, shielding homeowners against increasing electricity prices, with a 17 per cent savings starting on day one. Under this solar lease programme, the homeowner will pay a fixed monthly lease to SolarTown for the 20-year term. The homeowner is expected to save about Rs. 4 lakh over the 20 year-lease period.

The 6-kW rooftop system meets a major portion of the customer's energy consumption. The solar rooftop system consists of 24 solar modules and one 6 kW inverter, capable of powering all loads in the house including air conditioning and water pumps.

### **AP bags energy efficiency awards**

Andhra Pradesh bagged five awards in the energy conservation national awards 2015, constituted by the Union Ministry of Power. Among the winners were the State Energy Conservation Mission (SECM) – the Best State Designated Agency (SDA) for effectively monitoring, devising, studying the best practices and advising the State for implementation of energy efficiency activities. The AP Southern Power Distribution Company won the Best DISCOM in implementation of domestic efficient Lighting Programme (DELP), that is distribution of LED bulbs scheme in 5 districts. The Greater Vishakhapatnam Municipal Corporation (GVMC), MA&UD won the best urban local body for implementation of energy efficient LED Street Lighting programme. APSPDCL and GVMC both won for the best business model for energy efficiency activities.

95 per cent of street lights in Visakhapatnam were replaced with LED bulb in last few months, while government now plans to replace all street lights in 110 municipal corporations and village panchayats in the state with LED lights in a phased manner. About 80 lakh LED bulbs will be required for this task. Replacement of conventional bulbs in domestic sector is under implementation in the state and so far about 1.25 crore LED bulbs have been supplied.