

Power Sector in Andhra Pradesh during February 2013

GENERATION

Hyderabad based Surana Ventures offers solar plants at Rs 6 cr/MW

Surana Ventures a Hyderabad-based solar PV module manufacturer has come forward to offer to supply solar equipment at Rs 6 crore a MW while solar power plants cost Rs 8-9 crore a MW. This was made possible with Surana Ventures buying a line from the German company, Schott Solar, which closed down its operations in the wake of the global slowdown in the solar industry. The present capacity of Surana Ventures is 140 MW. Besides this, Surana Ventures is putting up two solar plants of 5 MW each on its own.

Public hearing on KPR power plant postponed

The public hearing on the proposed 100-MW captive thermal power plant of KPR Industries (India) Ltd - a fertiliser unit - was disrupted. The plant is proposed to be located between Dontamuru of Rangampeta mandal and Balabhadrapuram of Bikkavolu mandal in East Godavari district. The public hearing was postponed following protests from the villagers. While the authorities contend that the management had already acquired land from the villagers who knew about the proposed thermal plant and that the environmental concerns were addressed in the environmental impact assessment report of the company local people argue that they were not informed about it. Public hearing was not communicated to the local villagers much in advance and it was conveyed to them only two days before.

East Coast Energy to start generation by March, 2015

East Coast Energy Ltd which is setting up a 1320 MW thermal power plant at Kakarapalli in Srikakulam district plans to begin generation by March, 2015. The company claimed that it had received the host country approval for clean development mechanism (CDM) from the National CDM Authority of the Ministry of Environment and Forests. The Company also claimed that it had finalised a long-term power supply agreement with the AP Government for 300 MW at Rs 2.97 per unit. The current project cost was Rs 6,571 crore, with a debt/equity ratio of 3:1.

Andhra Pradesh solar tenders oversubscribed

Andhra Pradesh's push to mitigate a power crisis by adding capacity through the solar route has gotten off to a better start with bids oversubscribed by more than 30%. About 184 firms bid for AP's solar tender for a total cumulative capacity of 1350 MW. A record 294 bids were submitted by 184 bidders with the total capacity installation of 1,350 MW. Interestingly, Medak, Mahboobnagar and Nalgonda, all sharing borders with Hyderabad have emerged as the top three

locations for the solar projects with an average of 40 bids each. Similarly, Alair, Sadashivpet and Zaheerabad in these districts attracted an average of eight bids. Alpha InfraProp Private Ltd has bid for creating 80 MW of solar power, Lanco Solar Energy for about 60 MW in the latest round of tenders called for by the Andhra Pradesh Government. The other major bidders from the State are Surya Green Power (50 MW), Azure Green (30 MW), Pennar Industries (10 MW), Surana Ventures and Photon Energy (5 MW).

MoEF allows GVK to use diesel

The Ministry of Environment and Forests (MoEF) has allowed GVK Group's gas-based 390 MW (Expansion Phase-II) power plant in East Godavari to use diesel as an alternate fuel after the company said gas supplies from Reliance D-6 block had been declining and the current supply was about 0.5 MMSCMD instead of 1.1 MMSCMD required. As a consequence, the plant is operating at just 47 per cent Plant Load Factor. The Expert Assessment Committee finally recommended that HSD (High Speed Diesel) may be permitted as top up fuel only till 100 per cent natural gas supply is available.

GENCO to start work on 3 thermal plants

The Chief Minister of AP directed AP GENCO to commence work on three projects to be located at Krishnapatnam in Nellore district, Vijayawada and Kothagudem with total installed capacity of 2,400 MW. These plants will be based on supercritical technology with the capacity of 800 MW each unit. These plants are expected to be completed within three years. These plants were expected to cost about Rs 13,200 crore. The required land, water and other facilities for these plants have already been provided for AP GENCO.

Mytrah Energy to install 300 MW wind units in AP

Mytrah Energy (India) Ltd plans to invest about Rs 2,000 crore in setting up 300 MW of wind power generation farms in AP by December 2014. Out of its total installed capacity of 310 MW it has 63 MW in Vajrakarur in Anantapur district where nearly Rs 400 crore were invested by the company. Another 37.4 MW is under construction in Kurnool and is expected to be commissioned by September, 2013

FUEL

CAG unhappy with RIL

The saga of Comptroller and Auditor General's (CAG) examination of Reliance Industries Limited's books continues. RIL provided only half of the documents sought by the (CAG) and has promised to give most of the rest when the auditor returns to audit its spending on KG-D6 fields. But there are doubts about the CAG coming back to RIL. The CAG had written to the Oil

Minister that RIL was not cooperating. The documents RIL declined to provide relate to its legal case against the oil ministry's decision to decline \$1 billion of cost recovery as punishment for gas output from the main fields in the KG-D6 block not matching the target. RIL also refused to provide any documents relating to selection of technology, as it felt the auditor cannot sit on judgement using hindsight to question decisions taken six-seven years ago. RIL wrote to the ministry that CAG was seeking voluminous documents of years not related to the period under audit (2008-09 to 2011-12). RIL said that it was not obliged to provide full access to documents relating to years that are not under audit.

BP-RIL to invest \$5 billion in KG-D6 fields

Reliance Industries Ltd (RIL) and two partners BP and Niko Resources plan to invest over \$5 billion (Rs. 27,127 crore) over the next three to five years in the KG-D6 block to develop around 4 trillion cubic feet of discovered natural gas reserves. This came out following a meeting of Bob Dudley, BP Group Chief Executive, and Mukesh Ambani, Chairman and Managing Director of Reliance Industries Limited (RIL) with petroleum minister M Veerappa Moily. These companies promised to speed up projects provided the necessary clearance from the government is in place. The investment includes the field optimization plan through compression and water handling will augment current production starting 2014. Moily promised to take necessary measures "to fast track these projects and help them attain economic viability". Besides clearances for its investment plan, the companies are looking for higher gas price from the government.

GSPC seeks imported LNG price for KG basin gas

Following the RIL Gujarat-government owned firm Gujarat State Petroleum Corp Ltd (GSPC) is seeking to price natural gas it will produce from KG basin block at a rate indexed to cost of imported LNG. GSPC wanted to price gas that it would produce from Deen Dayal West (DDW) gas field in block KG basin by third quarter of 2013, at a minimum of USD 8.50 per million British thermal unit, excluding local taxes and margin. GSPC would produce a maximum of 5.24 million standard cubic meters per day of gas from the offshore DDW gas field. The gas will land at Mallavaram, near Kakinada in Andhra Pradesh, and can be transported to customers up to Gujarat through Reliance Gas Transportation Infrastructure Ltd's East-West pipeline.

PM help sought for gas supply

Chief Minister of AP requested the Prime Minister to help secure natural gas supply to meet the requirement of power plants and additional power for State. The Chief Minister brought to the notice of the Prime Minister the acute gas shortage to run gas-based power generation plants in the State. CM requested the PM to direct the Petroleum and Energy ministries to take immediate steps to ensure sufficient gas supply and electricity to the State and help overcome the power shortage. CM wanted the Centre's intervention so that this would help facilitate diversion of 3 mmscmd from KG -D6 presently being supplied to the fertiliser units in Gujarat and Maharashtra.

DISTRIBUTION

AP industries seek separate power distribution utility

The Federation of AP Chamber of Commerce and Industry (FAPCCI) proposed separate power distribution utility for industries in Andhra Pradesh in order to tackle issues related to power supply as well as cross subsidy burden. According to FAPCCI industries in the State was cross-subsidising to the extent of Rs 9,278 crore for the Government to provide subsidised power to agriculture and other sectors. According to FAPCCI the agriculture subsidy requirement by all the four distribution utilities for 2013-14 is Rs 14,866 crore, which is three times the subsidy (Rs 5,884 crore), approved by the Government.

DISCOMs earmark Rs 6,008 cr to buy RLNG-based power

In the background of declining natural gas production from the KG Basin, APDISCOMs have proposed to spend Rs. 6,008 crore to buy power produced by the gas – based plants using RLNG at around Rs. 10 per unit in the next financial year. The DISCOMs have proposed to purchase 6,008 Mu of RLNG based power. This accounts for just 5.8% of total power proposed to be purchased during the coming financial year. The RLNG based power will account for 14.26 percent of total power purchase cost.

IT Sector to escape power cut

The state government has taken a decision to exempt the IT industry in the state from statutory power cuts. The CM directed the energy secretary to issue orders to all DISCOMs to exempt the IT industry from the statutory power cuts.