

Power Sector in Andhra Pradesh during January 2014

POLICY

No power cuts for industries in AP

Industries in Andhra Pradesh, which were hit by acute power shortage last year, may face brighter times this year. The Chief Minister N. Kiran Kumar Reddy said assured industrialists that this year there will be hundred per cent supply. Even during summer there would be no power cuts. Increased contribution from the solar sector and other programmes were expected to ensure adequate supply.

AP to offer incentives to energy saving industries

The Andhra Pradesh Government is working on modalities to offer incentives to industries that bring about savings in their process through energy efficiency measures. According to a proposal under consideration of the state government new industrial units can claim electricity subsidy only if they adopt energy saving practices. A green factory code was being developed for the industrial sector as a part of the energy conservation initiative. Electricity subsidy will be provided only to those units which implement this code. A energy building Code aimed at reducing energy consumption for big buildings and offices will come into force from August 15. The Government is planning to utilise the entire force of self-help groups for creation of awareness about energy efficiency programmes. The State has about 10 lakh self-help groups with 1.2 core women members. The State Government expects to facilitate addition of about 1000 MW of wind energy and 500MW solar energy every year during the XII Plan. A memorandum of understanding with the UK Government will be signed shortly for sharing global best practices in energy savings. A comprehensive roadmap for energy efficiency improvement is also under preparation. A Japanese company has made a baseline study in Cherlapally industrial estate area on energy efficiency measures. This model will be replicated in other industrial areas of the State.

GENERATION

NTPC to add renewable energy capacity

NTPC commissioned a 10 MW solar PV unit in Ramagundam (Andhra Pradesh) in Karimnagar where it is developing a 25 MW solar PV farm in a phased manner.

Singapore's Sembcorp to take 65% in Nagarjuna's power unit

Singapore based Sembcorp Industries Ltd. has signed an agreement to buy a 45% equity stake in a company which is building a 1,320 megawatt capacity coal fired power plant in AP. It owns the plant with Gayatri Projects as its majority owner.

Sembcorp is also entering in to an agreement with Nagarjuna Construction Company (NCC) to take 65 per cent in the latter's power plant. NCC is setting up a 1,320-Mw coal power plant at Krishnapatnam in Andhra Pradesh, with a total project cost of Rs 7,000 crore. While it will get 70 per cent of its coal requirement from domestic sources (Mahanadi Coalfields, a subsidiary of Coal India), the rest will have to be imported. NCC owns a 55 per cent stake in the project, while the rest is owned by Gayatri Projects, another Hyderabad-based company.

French energy major GDF Suez agreed to invest as much as \$400 million (about Rs 2,440 crore) in Meenakshi energy for a 74 per cent stake. It owns a 700-Mw power plant in the same district.

Power Finance Corporation has come forward to provide a loan of Rs. 8,000 crore at an interest rate of 11.25 percent to set up two power plants in Telangana region by GENCO. These are 800 MW KTPP-3 Bhupalapalli at a cost of Rs. 4,554 crore and 660 MW plant at Ramagundam at a cost of Rs. 3,800 crore.

FUEL

RIL ramps up gas output from KG-D6

Reversing the declining trend RIL has increased gas production at KG-D6 fields by about 15% as it added the first production well on east coast in the last four years. RIL began production from MA-8 well on January 2 to ramp up output from this block to 13.7 MMSCMD.

Reliance Industries ([RIL](#)) will increase production from its D1, D3 and MA fields in its KG basin by three or four MMSCMD by the end of the next financial year. RIL said 15-16 mscmd is the new normal we can work with before R-Series satellite fields begin production in 2017-18. The company will invest \$747 million in increasing production from D1, D3 and MA fields. [Natural gas](#) production from KG-D6 averaged at 14 mscmd of gas and 5,930 barrels of oil per day for the nine months ended December 2013.

GoI notifies new gas price mechanism

The Government notified the new gas pricing policy that would be applicable to all domestically produced natural gas from April 1 for the next five years. However, Reliance Industries and its foreign partners BP and Niko Resources in the KG-D6 block would have to submit a bank guarantee before they can avail themselves of the new price. According to a Petroleum & Natural Gas Ministry notification “The prices determined under these guidelines shall be applicable to all consuming sectors uniformly. In respect of D1 and D3 gas discoveries of Block KG-DWN-98/3 (KG-D6), these guidelines shall be applicable subject to submission of bank guarantees in the manner to be notified separately”.

ONGC to invest \$9 bn in KG basin

Oil and Natural Gas Corporation (ONGC) will invest \$9 billion in bringing to production in its discoveries in Krishna-Godavari basin block by 2017-18. ONGC has made 11 oil and gas discoveries in the Block KG-DWN-98/2. The block is divided into a Northern Discovery Area and Southern Discovery Area. They expect to produce 2.5 million tonnes (mt) to three mt of oil (a year) and nine-10 million standard cubic metres a day of gas from. The field holds an estimated 92.3 mt of oil reserves and 97.6 billion cubic metres of inplace gas reserves spread over seven fields. ONGC bought 90 per cent interest in Block KG-DWN-98/2 from Cairn Energy India in 2005. Cairn still holds 10 per cent in the block.

TRANSMISSION

Southern States connected to national power grid

The Southern power grid was synchronised with the rest of the national grid on December 31, 2013, nearly five months ahead of the targeted schedule of May 2014 and it is expected to be fully-operational in a few months. Once the new grid is fully operational, it would be able to carry an additional of about 1,500 Mw electricity to the Southern region. In the absence of grid connectivity, the Southern region was unable to utilise excess power available in other regions. Out of the country’s total installed generation capacity of 232,164 Mw, the Southern region accounted for 57,529 Mw at the end of November, 2013.