Power Sector in Andhra Pradesh and Telangana during July 2014

POLICY

Telangana State Electricity Regulatory Commission (TSERC)

The Telangana government issued orders for constitution of Telangana State Electricity Regulatory Commission (TSERC) with a Chairman and two members as per the Electricity Act, 2003.

Central Government committee to submit report soon

The Central Government appointed a committee to resolve power issues between the two States following bifurcation. The committee headed by Central Electricity Authority Chairman Neeraj Mathur and has representatives from Power Grid and other experts, will submit its report within a month.

AP to streamline power sector

Releasing a white paper on the power sector AP Chief Minister N Chandrababu Naidu said that the State's power sector would be thoroughly streamlined and power generation increased to provide 24x7 supply to households, industries and nine hours to the farm sector. The focus of his government would be to reap the benefits of the power sector reforms he had initiated in the late '90s by unbundling the monolith power utility in the unified State. AP would also come out with a policy to encourage renewable energy sector, with emphasis on solar and wind power generation. Old irrigation pump sets would be replaced with new energy-efficient ones to bring about energy savings.

AP draws up 10-point plan on 24-hour power for all

Utilities in Andhra Pradesh (AP) have drawn up a 10-point formula to ensure quality, reliable and affordable electricity supply to the consumers in the state as part of their efforts to provide 24X7 power for all (PFA). The plan covers domestic, commercial and industrial power users. The 10-point formula aimed to reduce the demand- supply gap. Maximising the generation by increasing the Plant Load Factor (PLF) from present level of around 75 per cent to 90 per cent is a part of this plan. It also envisages procurement of 2,000 MW power through short-term bids for

2015-16. To promote renewable energy new solar and wind power policies will be announced. 1,000 MW solar parks will be established in Anantapur and Guntur districts. Booking inter-state transmission corridors and segregation of agriculture feeders in a phased manner are also part of this plan.

Centre initiates steps to give Andhra Pradesh 24/7 power

The process to make AP supply power 24x7 was set in motion with a high-level Central team headed by Union power ministry joint secretary interacting with state government officials on July 5. The central team asked the state government to submit a blueprint on the existing power generation and supply status, deficit in energy, electricity required for implementation of 24x7 and an action plan within 15 days. The Centre will extend financial support, power (electricity), coal, additional power and transmission lines and other technical support to the state for the project. The central team assured that the Centre would extend support in ensuring allotment of unallocated power from Central Generating Stations (CGS), additional coal blocks for the existing thermal power plants so as to run the power plants at maximum Plant Load Factor (PLF) and other required support.

Telangana to prepare roadmap for power sector

The Chief Minister of Telangana directed the energy department officials to work towards supply of 24x7 power supply within three years. The steps would include short-term and long-term strategies. The immediate focus was to procure additional power from Chhattisgarh, Karnataka and Central generating stations. The new state proposed to have a generation capacity of 20,000 MW including 6,000 MW capacity from Telangana GENCO. Land at Manuguru and Illandu would be surveyed to set up of new projects. As provided under the AP Reorganisation Bill NTPC would set up a 4,000 MW power plant. The state government proposed to procure about 2,000 MW from Chhattisgarh, and to facilitate this it was exploring to set up necessary evacuation lines. The State also proposed to procure about 1500 MW from Northern Grid. Stepping up hydel power generation was also envisaged. The State is estimated to have a potential to add another 5000 mw of hydel power generation. It is proposed to set up hydel units at Gurramgadda on Krishna river and at Kadem, Ichampalli and L Madugu on Godavari. Attempts should also be made to generate more power from the Jurala project as 11 lakh cusecs of water was available Efforts also would be made to ensure that Telangana gets its share from Krishnapatnam and Sileru projects.

GENERATION

Solar power in Telangana

Vipasana Education Trust, Khammam was the first consumer under NPDCL to set up solar roof top with net metering facility. A 10 KW SPV system installed in their school campus. In its first month it sold 256 units of surplus power to NPDCL after meting its needs.

Telangana Government proposed to invite tenders for 1000 MW solar PV plants. The bidding will be tariff based. Out of 564 MW allowed under earlier policy PPAs were signed for 299 MW.

A.P. to get 65 MW additional power

Share of AP and Telangana in power allocation was revised. While share of AP increased from 46.11 per cent to 47.88 per cent, the share of Telangana was reduced from 53.89 per cent to 52.12 per cent. As a result AP would get additional 65 MW power from the Central Generating Stations.

Lower Jurala power units get flooded

Jurala hydro electric power house on the Krishna river was flooded with water. The Jurala power house is planned to have six units of 40 mw capacity. Construction of three power units has been completed and are about to be synchronized with the grid shortly. The power house was flooded with water through the upstream gates of unit no. 4. The loss due to this flooding was estimated to be about Rs 20 crore.

GE invests in wind power projects

GE Energy Financial Services has infused equity into three wind power projects of Atria Power. The wind farms would have a combined capacity of 126 MW. Of the three projects, one is located in the Ananthapur district of Andhra Pradesh. This 25.6-MW wind farm was expected to start commercial operations by September.

Telangana bid to get power from Chhattisgarh

The Telangana government directed the State Transco to buy 1,000 MW from the Chhattisgarh government by entering into a memorandum of understanding with Chhattisgarh State Power Distribution Company and enter into an agreement with Power Grid Corporation of India Ltd (PGCIL) for evacuation of power.

Land to be identified for NTPC's 4,000 MW Telangana plant

NTPC is awaiting identification of land by the Telangana government and establishment of coal linkage by the Coal Ministry for setting up a 4,000 MW power plant in the new state.

The AP Re-organisation Act provided that NTPC would set up a 4,000 MW power plant in Telangana. At the beginning of July the allocation from central generating stations to Telangana stood at 1,992 MW.

NTPC asked to expedite projects in AP, Telangana

The state governments of Andhra Pradesh and Telangana have asked NTPC to initiate steps to set up 4,000 MW thermal power plants in each state. During discussion between CMD of NTPC and the Chief Ministers of Telangana K Chandrasekhar Rao, Rao asked them to develop the power project in Ramagundam and NTPC agreed to begin work immediately and planned to commission the first unit in 39 months. The AP Chief Minister asked NTPC to expedite work on a 4,000 MW plant at Pudimadaka. NTPC also agreed to develop a 300 MW solar park in Guntur District.

Telangana DISCOMs directed to sign pacts with Hindujas

Telangana Government, has directed the southern and northern power distribution companies of Telangana have been called upon to sign power purchase agreements with the Hinduja National Power Corporation Ltd, which is in advanced stage of commissioning the 1,040-MW thermal power project near Visakhapatnam. Telangana will get 53.89% of power generated form this plant as its share.

Breaking the myth behind Coastal Thermal Power Plants

Shripad Dharmadhikary exposes the fallacy that coal-based power plants near the coast, by virtue of their proximity to the sea, do not create any pressure on water resources. (Extracts from a report)

28 July 2014 -

Krishnapattanam is a small coastal village in Nellore district of Andhra Pradesh. Though figuratively it is a stone's throw from the coast, the village was blessed with copious amounts of good quality ground water. Krishnapattanam Port was dedicated to the nation on 17 July, 2008. The port is expected to handle huge volumes of coal, imported as well from other parts of India. The destination for these would be the large number of coal-based thermal power plants coming up around the port.

Coal-based thermal power plants require two things in massive quantities – coal of course, and water. Inland coal power plants use vast quantities of water and create pressure on scarce freshwater resources. Thus, there has been a big interest in locating these plants in coastal areas, where they can use sea water. The argument is that since sea water is available in virtually unlimited quantities, the water problem related to coal-based thermal power plants is essentially taken care of.

In more recent years, coal availability has also become a big issue. Coal India Limited, which produces about 80 per cent of the country's coal has not been able to keep up with the demand. The Coalgate scam has also had a big impact. Given all this, India's coal imports have been going up. The expectation that a significant part of India's proposed coal thermal capacity addition will depend on imported coal has also made coastal locations very attractive for thermal power plants.

As the construction of the port and several thermal power plants around it started, Krishnapattanam found its groundwater turning increasingly saline. In a few years, it had been rendered completely useless. Now the village is being supplied with tanker water by the port company. But this is not very good for drinking and many families now buy bottled water for drinking and domestic use.

Krishnapattanam has gone from self-reliance in water to complete dependence on tankers and the market. Local people offer two reasons: One, that the dredging activities for the port have created pathways for intrusion of the saline (sea) water into coastal groundwater systems. Second, excessive withdrawals of groundwater for the construction of the port and thermal power plants have led to depletion of groundwater, with falling levels facilitating sea water ingress.

Meanwhile, the nearby village of Gummal Dibba is facing, apart from similar salinisation of its groundwater, a total loss of its main livelihood – fisheries, a fate shared by Krishnapattanam too. The families in this village fish in the nearby Kandeleru creek. The Krishnapattanam port is located at the mouth of this creek.

Several thermal power plants are discharging their waste water, including hot water into this creek. People report that the power plant discharges on one side, particularly hot water, kill the fries (young ones of the fish). On the other hand, the increasing turbidity due to dredging operations, along with other pollutants kill the mature fish. Together, these two have almost totally destroyed the fisheries.

Local residents do not get fish now even for their own domestic use, let alone for the market. Apart from this, fishing in the sea has also suffered as the ships coming in and going out have severely restricted the movements of the fishing boats.

Not being educated, these local people do not get any other jobs. The huge capital investments in the port and power plants that promised development for the local communities have at best offered them jobs of sweepers and security guards, and that too on contract basis, say the people of the region.

To add to this, they complain about the all-pervasive coal dust that settles everywhere in the village and contaminates their water sources.

These two villages are just representative of the larger scenario in the region, and this is the case when only a few of the power plants have started operating and that too, still below their full capacity. The impact would be multiplied many times when all the plants come online. Particularly important will be the problem of ash disposal, which right now is being dumped by the plants in their own premises given that the volumes are now low.

The problems seen at and around Krishnapattanam are a result of an underlying fundamental disruption of coastal hydrology and ecosystems due to thermal power plants, which is likely to manifest in the form of many other impacts.

Coastal hydrology is far more complex than inland hydrology. It has three kinds of waters – saline (sea water), brackish (mix of saline and fresh water) and freshwater. All three co-exist in close vicinity, and all three support different kinds of flora and fauna, and in turn, provide diversified bases for livelihoods. They exist in a delicate balance and interactions, providing very vibrant ecosystems. An example is the creeks, the backwaters, the rivers and estuaries that provide some of the richest and most productive fisheries. Coal-based power plants intrude on this ecosystem and disrupt their balance.

Environmental impact appraisal Study of NTTPS questioned

Questions were raised on the environmental clearances issued for expansion of Dr. Narla Tata Rao Thermal Power Station (NTTPS) near Vijayawada. A study conducted by Cerana Foundation recommended scrapping of the plans to expand the plant. The study had shown that the impact of the existing units of NTTPS on environment and people was “unacceptable”. Yield losses in crop and milk in a radius of 10 km around the plant was Rs 300 crore a year. Loss to structures due to acid gas corrosion in the Railway colony alone was Rs 100 crore. The cost of

sequestering (removing and cleaning) Carbon dioxide "dumped" into the atmosphere by the plant was to the tune of Rs 8,500 crore. These estimates did not cover losses to human health, water bodies and forests. If these costs were also to be included it becomes clear that this plant expansion was not acceptable.

FUEL

Gangavaram Port gets nod to set up LNG terminal

The Infrastructure and Investment Department of the Government of Andhra Pradesh has given permission to Gangavaram Port to set up an LNG terminal in a joint venture with Petronet. The port will set up a 5 MMTPA terminal. This can be expand to 10 MMTPA in future. At the same time the Government decided not to allow the port to collect waterfront charges. It has also approved the allocation of 38 acres on a license basis and the right to reclaim 82 acres on the waterfront within the port limits.

Government of Andhra Pradesh offers 26% stake to Shell in Kakinada project

The GoAP owned AP Gas Infrastructure Corporation (APGIC) and GAIL formed a joint venture AP Gas Distribution Company (APGDC) to set up a 3.5 million tones capacity floating LNG storage regasification unit at Kakinada deep waster port. GoAP offered 26% stake in this project to the Dutch company Shell.

GAIL proposes Srikakulam-Nellore gas pipeline grid

Gas Authority of India Limited (GAIL) has proposed to establish a gas pipeline grid in AP. The proposed pipeline would cover Srikakulam-Kakinada-Nellore districts besides linking Tumkur in Karnataka with Nellore via Hindupur in the Rayalaseema region.

GoI to appoint committee to review Rangarajan gas pricing formula

The central government will appoint a committee under former Power Minister Suresh Prabhu to review a pricing formula approved by the previous UPA regime. The other members if the committee will be Pratap Bhanu Mehta, President and Chief Executive of Centre for Policy Research and Bibek Debroy. The government had earlier deferred the implementation of the new pricing formula till 30 September.

‘ONGC didn’t follow minimum work programme in KG Basin’

The Director General of Hydrocarbons (DGH) pointed out that the ONGC did not follow the minimum work programme while exploring the offshore deepwater block KG-DWN-98/2 in the KG Basin. According to it ONGC did not drill 15 wells in the block between 2006 and 2014.

Reliance, BP give up one more India block

Reliance Industries Ltd and partner BP had relinquished another oil and gas exploration block in India. CY-D6 Block relinquished as part of portfolio rationalisation.

RIL completed some side-track in MA-6H well in the block and put it to production. This added 1 mscmd gas to the block’s output.

US consultant to verify ONGC’s claim on Krishna-Godavari gas

The DGH conveyed to ONGC that Texas-based DeGolyer and MacNaughton (D&M) would assess ONGC’s claims that gas from its East Coast fields was being drawn by RIL, which operates a neighbouring block.

ONGC, which had moved the Delhi High Court in May alleging that RIL was drawing natural gas from its fields in the KG-DWN-98/2, which are adjacent to the latter’s gas-producing D6 block in the Krishna Godavari basin, will continue to pursue the case.

Cabinet nod sought to allow RIL to retain KG-D6 gas fields

The Oil Ministry of GoI sought Cabinet approval to allow Reliance Industries to retain three gas discoveries worth $1.45 billion in the eastern offshore KG-D6 block even after expiry of timelines. RIL has not been able to submit a development plan for D-29, 30 and 31 gas discoveries, which hold an estimated 345 billion cubic feet of reserves, with the prescribed timelines due to dispute with the upstream regulator DGH over tests required to confirm them. The Oil Ministry is of the opinion that taking away the discoveries and rebidding the finds may lead to delay in development.

GoI imposes $579 million fresh penalty on RIL

The government imposed an additional penalty of $579 million on (RIL) for failing to meet the gas production target for its KG-D6 block in 2013-14 as well. The fresh penalty is in addition to the existing fine of $1.80 billion slapped on the company for production shortfall in earlier years. The cumulative cost disallowed stands at $2.38 billion up to March 31, 2014. The penalty is in the form of disallowing costs incurred by RIL in the block.

Association of Power Producers meets Chandrababu on gas woes

A delegation of Association of Power Producers led by Director General Ashok Khurana met AP Chief Minister N Chandrababu Naidu and discussed power sector and gas supply concerns. The delegation included Anil Ambani of Reliance ADAG, GV Sanjay Reddy, Chairman of GVK Group, L Madhusudhan Rao, Chairman of Lanco Infratech and GBS Raju of GMR Group. During the meeting, the issue of gas supply for 7,000 MW of gas-based power plants, now lying idle, was discussed. The Chief Minister was reported to have assured the delegation of taking up the issue of gas supply with the Centre. He also explained steps taken to set up of a LNG terminal, floating storage terminal and re-gasification unit in the Krishna Godavari Basin to benefit the independent power producers (IPPs).

Cairn India's Ravva block exceeds FY14 output targets

The Ravva offshore block operated by Cairn India exceeded production targets in the year 20013-14. Gas production from the block was 25% above the target.

APGENCO signs MoUs to procure coal

The APGENCO is putting all efforts to procure sufficient coal to run its units with full capacity. The entity is importing 400,000 tonne coal from other countries, and had also recently signed MoUs with Western and Mahanadi coal fields for supply of 200,000 tonne coal from each field. With this, it could maintain 15 days' coal stock at all its power plants.

Power generation hit as rains halt coal production at Singareni

Coal production in open cast mines of Singareni Collieries Company Limited (SCCL) at Bhupalapalli in Warangal and Ramagundam in Karimnagar districts have been affected due to incessant heavy rains. Coal mining operations could not be taken up at Ramagundam 1, 2 and 3 divisions due to rains. Production was stopped in Bhupalapalli as a precautionary measure. This has affected power generation in National Thermal Power Corporation plant at Ramagundam. Officials have shut down unit VI affecting generation of 500 mw of power.

Telangana mulls buying out Centre's stake in Singareni

The Telangana Government is exploring the possibilities of buying out the Government of India's stake in the Singareni Collieries Company Ltd to make it fully State-owned. Chief Minister K Chandrashekar Rao directed company and government officials to initiate steps towards this. It was also decided to start opening of at least two underground mines by this year It was also decided a team of officials from the company and the State Government would visit countries such as Australia and Africa to look for overseas coal assets.

TRANSMISSION

AP TRANSCO lines up Rs 1900 crore to improve power supply

APTRANSCO is planning to spend Rs 1,900 crore to strengthen transmission net work under the EPDCL. This is planned to cut down losses while transmitting bulk power over long distances. Two sub-stations of 400 KV, six new sub-stations of 220 KV, 30 sub-stations of 132 KV and enhancement of power transformer capacities at 32 sub-stations have been proposed in EPDCL area. The work on these projects is expected to be completed in 12-18 months. These works are expected to cut down losses in transmitting bulk power over long distances.

OTHERS

EESL plans to invest Rs. 1,000 crore in energy conservation

Energy Efficiency Services Limited (EESL) proposed an investment of Rs. 1,000 crore over the next two to three years in energy conservation initiatives in AP. One of the proposals is for

replacement of existing street lighting with energy efficient LED street lighting in all 111 municipalities and corporations. In the first phase it will be take up in 24 municipalities, including Guntur, Kakinada, Nellore, Anantapur, Tirupati and Kurnool. LED lights will be provided to the households at subsidised cost. While the cost of LED lights is about Rs. 400 in the market, EESL is expected to supply at just Rs. 10. This is expected to energy savings of Rs 28.56-crore annually. Another initiative will involve retrofitting the agriculture pump sets with energy efficient pump sets in a phased manner. A pilot project on this will be taken up in 13 mandals covering 25,000 agriculture pump sets. These pumpsets will be selected on the segregated agriculture feeders.