

# **Power Sector in Andhra Pradesh during June 2013**

## **POLICY**

### **Power shortage in AP**

Latest estimates from the Central Electricity Authority (CEA) show that the southern region — comprising four states and one union territory — is likely to see a power deficit of 19.1 per cent in 2013-14. While the deficit in Andhra Pradesh is estimated to be 9.1 per cent

### **Power supply situation to improve**

Power consumers in Andhra Pradesh will now face lower cuts with the demand-supply gap coming down and situation improving. With rains setting in and temperatures cooling down, the demand for power has come down providing some flexibility to increase power supply in Andhra Pradesh. Power supply will be increased to 18 hours in rural areas. Load relief will be reduced from 12 hours to 6 hours. For mandal headquarters, towns and municipalities, the load relief will be only for 2 hours in two spells. In the case of Hyderabad, Tirupati, Visakhapatnam, Warangal and district headquarters and corporations, they will have 24 hours supply. These cities were facing up to 2 hours of power cuts. Supply will be increased from 66 per cent to 80 per cent for all industries from June 15. To improve the electricity supply in the State, several short term and mid-term measures have also been initiated. Short-term measures taken to overcome power crisis include purchase of 1,250 MW. Under mid-term measures, 550 MW will be available from June 2013 to June of 2016 through additional purchase.

### **34 bidders to set up 350 MW solar plants**

After the group of ministers had decided at Rs. 6.49 per unit as the purchase price for solar power from private generators only seven bidders out of 184 bidders who were technically qualified to set up solar power plants, agreed to set up plants with a meager capacity of 53 MW at the rate fixed by the government. After prolonged negotiations another 27 bidders came forward to set up solar power plants with some conditions that include allowing changes in the plant location and capacity. The state government was also reported to have agreed to increase the power purchase rate, if the same is increased at a latter date. Total 34 bidders would set up plants to generate about 350 MW.

## **State to subsidise rooftop solar plants**

The State Government had come out with a Government order, providing 50 per cent subsidy to people to set up one kW roof top solar plants. This subsidy includes 30 per cent support from the Centre. Besides this consumers would get Rs. 3.50 per unit for the power supplied in to the grid after meeting their needs.

## **GENERATION**

Andhra Pradesh and Orissa have come to an understanding on constructing a 60 MW hydro electric project involving an investment of Rs. 300 crore across the Sileru river at Chittrakonda, 20 km above the existing Upper Sileru hydro electric station. The two states will equally share the cost of power and the power generated.

## **FUEL**

### **Oil Ministry orders RIL to divert RCF gas to A P**

In the background of declining gas production from RIL's KG Basin gas fields the Ministry of Petroleum and Natural Gas directed the RIL to divert a part of gas allocated to Rashtriya Chemicals and Fertilizers (RCF) to private power plants in Andhra Pradesh. The ministry ordered that a part of 2.1 million standard cubic metres per day of KG-D6 gas allocated to RCF's Thal urea manufacturing plant be diverted to Hyderabad-based Bhagaynagar Gas Ltd (BGL) and power plants in Andhra Pradesh under a gas swapping arrangement. Under this GAIL will make good the shortfall at Thal by supplying imported liquefied natural gas (LNG). While BGL and power plants will pay the actual price of imported gas, RCF will pay only USD 4.2 per million British thermal unit, the rate at which it had contracted KG-D6 gas.

### **Gas and condensate discovered in RIL's D-55 fields**

RIL announced a major gas find more than four kilo metres below the sea bed and two kilo metres directly underneath the currently producing D1&D3 field in the KG Basin KG-D6 block. This gas find opens up a new liquid-rich gas condensate play offshore India. According to estimates the Cretaceous section of KG-D6 block may hold 9 Tcf of gas and 1.2 billion barrels of in place oil reserves. The new find, which was named D-55, can produce 8-10 mmscmd of gas along with about 10,000 barrels per day of condensate. RIL was likely to take up to two years to

bring the find into production.

## TRANSMISSION

Arbitrariness was reported in laying high tension power lines by the Power Grid Corporation of India Ltd (PGCIL) in Nellore district. According to a report published in The Hindu newspaper on 1 June, 2013 while rich farmers were paid compensation of Rs. 1 lakh per tower poor farmers got only Rs. 50,000 per tower. In some cases farmers did not get any compensation. Contractors of PGCIL are reported to be erecting the towers without giving prior notice to the concerned farmers, which is against the provisions of the Electricity Act, 2003. Influential political leaders of the district are reported to be behind this arbitrariness.

## DISTRIBUTION

The APERC has decided to scrap the fuel surcharge adjustment (FSA) from 1 April, 2013. Here after any variation in fuel prices will become part of the annual tariff revision exercise.

The APERC has permitted the four DISCOMs in the state to collect FSA to the tune of Rs. 542 crore for the last quarter of the financial year 2012-13. Earlier DISCOMs proposed to collect Rs. 1,137 crore towards FSA for this quarter. While DISCOMs proposed FSA of Rs. 1.027 per unit the Commission allowed Rs. 0.49 per unit of power consumed during the fourth quarter of 2012-13.

## OTHERS

An Additional Assistant Engineer of EPDCL Mr. Chanti babu was arrested by the police for accepting a bribe of Rs. 50,000 for giving a new electricity connection in Rajanagaram mandal of East Godavari district.