

Power Sector in Andhra Pradesh and Telangana during June, 2016

POLICY

Telangana Government promises 9-hour power supply to farmers

While addressing a gathering at the Parade Grounds, Secunderabad, to mark the State's Formation Day the Chief Minister of Telangana promised to provide nine hours of power supply to the agriculture sector in the day time.

AP signs agreement to joins UDAY scheme

The Union Ministry of Power, the AP government and the states two power distribution companies (APSPDCL and APEPDCL) signed a tripartite memorandum of understanding to signify AP formally joining the Ujwal Discom Assurance Yojna (UDAY), which will enable the state government to take over debts of about Rs 11,000 crore of its DISCOMs during the current financial year.

This will help APDISCOMs a Rs. 4,400 crore benefit over the next three financial years from savings in interest cost, reduction in aggregate technical & commercial losses, energy efficiency and coal reforms. The AP government's take over of debt of DISCOMs would help them save Rs. 330 crore of interest cost a year.

During the signing ceremony Union Minister of State for Power said, "AP will soon become the first state in the country to install smart meters that will help curb power theft and pilferage". It was also pointed out that AP has come forward to replace existing 15 lakh agricultural pump sets over the next three years with energy efficient pump sets and the Centre would fund the programme 100 per cent initially. The state would pay back the Centre from the power saving over the next 10 years.

GENERATION

Local opposition to Kovvada nuclear project

Under the decade old Indo-US nuclear agreement India had offered both GE and Westinghouse one site each for setting up six units of 1,000 MWe. While Srikakulam was offered as a site to GE-Hitachi, Westinghouse was offered the Mithivirdhi site in Gujarat. Facing protests of the local people and various environmental objections in Gujarat, NPCIL decided to abandon its Mithivirdhi plans and offered the Srikakulam site to Westinghouse.

The decision to shift the nuclear power project from Gujarat to Andhra Pradesh has triggered widespread agitations in Kovvada in Srikakulam district. The local communities are opposed to this nuclear plant. Fishermen, representatives of civil society groups, anti-nuclear activists, leaders of political parties are expressing anguish stating that the project lacks safety with no relief measures for the displaced and affected people. There are demands public hearing in the affected villages and compensation to the affected people under the Land Acquisition Act, 2013.

The NPCIL has already deposited Rs 389 crore with the Srikakulam district collector out of Rs 500 crore. Rs 1,000 crore has been earmarked for the rehabilitation and resettlement (R&R) plan. But farmers are not forthcoming to part with their lands.

NPCIL recently has submitted new Terms of Reference (ToR) to the ministry of environment and forests (MoEF) to carry out environment impact assessment (EIA). This was necessitated after NPCIL and Westinghouse have come to an understanding on 7th June to begin engineering and site design work immediately for six AP1000 reactors.

Hinduja's second thermal power unit commissioned

The second 520 MW coal-based thermal power generating unit of Hinduja National Power Corporation Limited (HNPCL) was commissioned near Visakhapatnam in Andhra Pradesh. The Project has been executed by BHEL on EPC (engineering, procurement and construction) basis.

The AP Energy, Infrastructure and Investment Department has accorded approval for purchase of 100% power generated by HNPCL. In a GO released on 1st June the department has stated that 1040 mw of power generated by HNPCL will be utilised by APDISCOMs as per the tariff approved by the AP Electricity Regulatory Commission.

PPA between TSDISCOMs and NTPC

The TSERC has found several anomalies in the PPA signed between TSDISCOMs and NTPC for setting up 2 X 800 MW first phase power generation project out of 4,000 MW coming up at Ramagundam and directed them to redraft it. The asked the two parties to include the project buy out offer with the provision of first choice to DISCOMs after the expiry of PPA period. The Commission also pointed out that inclusion of MAT and dividend distribution tax (DDT) in the fixed cost could burden consumers in Telangana for over Rs. 1,000 crore during the PPA period. The Commission pointed out that there was no provision for penalty in the PPA in case of NTPC's failure to supply threshold quantity of power. The Commission also sought clarity on the extent of power supply to DISCOMs in proportion to the project's total generation capacity.

NTPC Ramagundam Plant

An agreement between NTPC and Alstom Bharat Forge Power Pvt Ltd (ABFPPL) worth Rs. 1,495 crore was signed for supply of two 800 MW ultra-super critical Steam Turbine Generator Islands for Telanagana Super Thermal Power Project Phase – 1 coming up near Ramagundam. These will be supplied by ABFPPL on EPC basis along with related civil works

HC helps farmers get back 6,000 acres

Two advocates -- K Kishore Kumar and N Arjun Kumar -- visited six villages in Gattu mandal in Mahbubnagar district and recorded the statements of 660 assignees whose lands were forcefully resumed 6,000 acres of assigned land for a solar plant and brought it to the notice of the court their plight. The bench too responded instantly. The bench of acting Chief Justice Dilip B Bhosale and Justice P Naveen Rao was dealing with a petition filed by advocate B Konda Reddy of Hyderabad who challenged the forcible resumption of the land. The bench earlier came down heavily on the Gattu tehsildar for adopting devious methods in resuming the land. Sensing the mood of the bench, the Mahbubnagar collector filed an affidavit saying that they cancelled all the resumption orders and the was restored to the farmers.

Progress in Solar net metering in Telangana

Under net metering part of solar policy of Telangana which has come in to effect from June 1, 2015 a total of 1,064 applications were received for a total capacity of 26.55 MW. Out of this applications for a total capacity of 9.16 MW units were connected to the grid.

In recognition of this effort TSSPDCL received an award from MNRE under the category of "Discom – promotion/facilitation".

FUEL

RIL to withdraw from arbitration on gas pricing

Reliance Industries Ltd (RIL) will be withdrawing from its ongoing arbitration with the government on pricing of natural gas. It will enable RIL to avail of the recently approved liberal gas pricing regime. Withdrawing the arbitration relating to price fixation of gas is a pre-condition for availing of the new liberal pricing formula the government approved on 10 March. The company had indicated its willingness to go ahead with the field development after dropping the arbitration. That process will be initiated after the Supreme Court reopens on 29 June after the summer break.

The decision to withdraw the arbitration comes ahead of the consortium of RIL-BP Plc - NIKO Resources readying to finalize contracts for hiring equipment and oil field services for monetizing their deep water discoveries in the Krishna Godavari basin under the new liberal gas pricing regime. The companies are keen to launch their field development plan without any further delay since work in the deep water field due to weather conditions is possible only in a few months in a year. Following the easing of pricing restrictions on gas, Reliance invited expressions of interest from global oil field services companies with a deadline of 29 April to supply materials, equipment and services for developing the KG D6 block off the coast of Andhra Pradesh.

AP to tap local coal reserves

The Andhra Pradesh government has engaged the services of Mining Exploration Corporation Limited (MECL) and National Mining Exploration Trust (NMIT) to tap the potential coal reserves in the Chintalpudi in West Godavari and Nuziveedu in Krishna district. The agreement with these two specialised agencies which would help take the current exploration process to a stage where potential coal blocks would be identified and then offered to developers. The State is keen to extract first coal by next year from these potential areas, stated to hold more than 1,000 million (one billion) tonnes.

DISTRIBUTION

Telangana clears tariff hike

Following the Communication from the state government on the quantum of subsidy to be provided by it, the TSERC announced the electricity tariffs for the FY 2016-17. Tariffs will increase by 7.5% compared to the previous year. The state government promised to provide subsidy of Rs. 4,584 crore. This is Rs. 114 crore more than promised in the state budget. This additional subsidy goes to the domestic consumers.

TSERC brought down power requirement to 52,063 MU from 54,884 MU. Additional revenue to be mobilised from tariff hike is also reduced to Rs. 1,527 crore from Rs. 1,958 crore.

Electricity tariff will not be increase for households that consume less than 100 units. Out of the 86 lakh domestic power consumers in the state, 60 lakh use less than 100 units a month and that only 26 lakh consumers will be affected by the tariff hike. Households consuming more than 100 units a month will have to bear higher charges.

For the industrial consumers, the tariff ranges from Rs. 6.70 per unit and goes up to Rs. 7.40 per unit.

A separate sub-category of railway traction is introduced for Hyderabad Metro Rail.

Power tariff hike is attributed to huge losses incurred by the power utilities and their debt burden. The distribution companies and Transco have taken Rs 2,144 crore loan for providing quality power by constructing additional sub-stations, setting up new transformers and power lines. The utilities have spent Rs 2,700 crore on the short-term power purchases in the previous financial year, another Rs 2,400 crore on enhancing infrastructure for nine-hour power supply to the agriculture sector and increasing salaries of the employees.

Power tariffs should have been announced in March itself. But the state government delayed the announcement of tariff hike with the ruling TRS focussing on elections to various civic bodies, including Greater Hyderabad Municipal Corporation and bypolls to some assembly and Lok Sabha constituencies.

Afterwards the Telangana government has announced reduction in power tariff for the textile/spinning industry and ferro alloys companies in the State. Spinning mills will get a rebate of Rs. 2 per unit and ferro alloys companies Rs. 1.50 per unit.

The decision comes in the backdrop of representations made by spinning mills in which more than 40,000 workers are engaged. About 5,000 people are employed in ferro alloys units in the State. As per the TS Electricity Regulatory Commission tariff order ferro alloys units will have to pay a tariff of Rs. 5 per unit to Rs. 5.90 per unit, depending upon load, apart from time of day tariffs.

GENERAL

AP to promote energy-efficient appliances

As part of the A.P government's energy efficiency schemes in the state the CM issued instructions for replacing conventional bulbs and other high power-consuming electrical appliances with LED bulbs and 5-star rated low energy-consuming electrical appliances in government offices and schools in a phased manner for achieving substantial energy savings. As part of this the Principal Secretary (Energy) had written to all district collectors requesting them to enumerate and furnish details of the existing electrical appliances in all government buildings at the earliest for expanding the programme. Already, 2 crore LED bulbs have been distributed to 1 crore families in the State and 3.45 lakh LED street lights have been installed as against the targeted 5.5 lakh.