

# Power Sector in Andhra Pradesh during March 2011

## NUCLEAR ENERGY

At the beginning of the month officials of the Nuclear Power Corporation of India (NPCIL) exuded confidence in successfully completing the 10,000 MW nuclear power plant at Kovvada village in Ranasthalam mandal in Srikakulam district. They said that nuclear projects in India were well maintained. In the context of shortage of fossil fuels nuclear energy becomes a viable option. They were confident that the state government would complete land acquisition process by the end of 2012 to mark the beginning of work for erection of the plant. Mr. G. Nageswara Rao of NPCIL said, "There is no need to worry about radiation. The radiation dose received from a nuclear power plant is much less than that received from nature".

The accident at Fukushima nuclear plant in Japan following Tsunami caused a sea change in the attitude of local people of Kovvada. People of Srikakulam were in the grip of fear following Japanese nuclear plant's crisis situation. Following this accident farmers, fishermen, and other sections of the public held a meeting and passed a unanimous resolution opposing the nuclear power plant in their area. Elected people's representatives like Sarpanches, MPTCs and ZPTCs also raised their voice against the plant. Ruling Congress party leaders from this area also added their voice to the opposition. Now villagers are not ready to take assurances of the NPCIL officials at their face value. On 16<sup>th</sup> March local elected bodies of 35 villages passed unanimous resolution opposing the plant.

On 18<sup>th</sup> March thousands of villagers from various villages including farmers and fishermen converged on Ranasthalam to oppose setting up of nuclear power plant. Representatives of various political parties also joined the protest. At present land requirement for the nuclear plant is pegged at 2,000 acres. Revenue department personnel surveyed the surrounding area and identified lands in Jeeru Kovvada, Chinna Kovvada, Pedda Kovvada, Kotapalem, Ramachandrapuram, Gudem and Tekkali villages. Chinna Kovvada and Pedda Kovvada villages will almost disappear from the map. Fishermen contended that now they are able to net sufficient fish catch and if the proposed plants come up along the coast line their livelihood would be threatened. They aver that the alternative jobs to be provided to some of the youth in the power plant could not compensate their livelihood losses. Though in the initial stages some of the villagers were ready to part with the land the Fukushima nuclear plant disaster altered the atmosphere completely. Now villagers are more concerned about safety of their lives. Jobs for a few children/youth in their view are no compensation to the loss of livelihoods of thousands of villagers and the looming danger of nuclear plant disaster is a big deterrent.

## KAKARAPALLY:

All the political parties in the state condemned the police firing on villagers opposing power plant being set up by the East Coast Energy Private Limited at Kakarapally. A delegation of state leaders of political parties visited the site and also called on the families of the deceased and expressed solidarity with the

fighting masses. They have called for comprehensive enquiry in to the firing incident and demanded rescinding the approvals given to the project.

In the background of the police firing on the protesting villagers and consequent death of two villagers the Union Ministry of Environment and Forests ordered suspension of construction work of the project.

This police firing incident was raised in the Parliament as well as the State Assembly. Condemning the police firing that led to the loss of two lives, injuries to many and loss of property in the form of burning of houses and hey stocks people of Srikakulam district observed bandh on 1<sup>st</sup> March.

In response to the developments ECEPL issued a big advertisement on 3<sup>rd</sup> March news papers stating that they were 'anguished and deeply pained at the recent and tragic unfortunate turn of events near the project site'. At the same time they also claimed that they obtained all statutory and regulatory permits before starting their work.

News paper reports indicate that a former Chairman of Environmental Appraisal Committee during whose tenure environmental clearance was given to ECEPL is at present holding an official position in one of the companies of ECEPL. A. Balaraj was Chairman of the Expert Appraisal Committee (EAC) when environmental clearance was issued (09-04-2009) to ECEPL. After his completion of tenure at EAC he joined as Director of Athena Demwe Power limited (ADPL), which is promoted by Athena Energy Ventures Private Limited (AEVPL) and one of the promoters of ECEPL. Those who are opposing the ECEPL, particularly environmentalists allege that the EAC did not take in to account rich biodiversity of the area and also its critical environmental importance while giving environmental clearance. One may surmise that the gentleman was rewarded for the service in giving EC.

In this background CPI (M) demanded the government to withdraw the approvals given to 7 power plants with an estimated capacity of 15,000 MW in Srikakulam district. Mr. Botsa Satyanarayana a Cabinet Minister in the state government who visited the area said that the company management was claiming that about Rs.1500 crore were spent on developing the site but a look at the site shows that not more than Rs. 300 crore might have been spent. He said that enquiry was needed to know on what happened to the remaining funds. He said that there was also need for clarity on the land allotted to the plant. While APIIC said that 2,050 acres were given to the plant the company management said that they have taken up 1,150 acres only. Also, while plant management was expected to provide drainage only a small diversion channel was provided.

The state government on 5<sup>th</sup> March in the state assembly offered a rehabilitation package to the families to be affected by the ECEPL plant. According to this package eligible people in the affected villages would be trained in skills and absorbed in the project and a separate rehabilitation plan would be prepared for the fishermen. The discharge capacity of the drain dug to send rain runoff in to the sea would be widened to prevent submersion of crop land. Pucca houses would be constructed under IAY for those who lost houses. Compensation would be paid to the hay stocks burnt in the firing incident. But the government rejected the demand for a judicial enquiry in to the incident and an ex gratia of Rs. 10 lakh each to the deceased families and Rs. 5 lakh to the injured ones.

## CAPACITY ADDITION:

Mr. Ajay Jain, CMD of APTRANSCO addressing delegates of Annual IT Summit on 2<sup>nd</sup> March 2011 projects in the pipeline and proposed investments would make AP self-sufficient in power by 2014, and would have surplus power by 2017. By March 2012 1,641 MW of additional power capacity will be added in the state. In this APGENCO contribution would be 709 MW and CGS contribution would be 932 MW. In the near future 6,482 MW capacity would be added. The new capacity would include 1,200 MW of Singareni Collieries and 2,390 MW by NTPC at Visakhapatnam. By the end of next plan 16,862 MW of capacity would be added to the state grid. TRANSCO also tied up with 19 merchant power plants with a total capacity of 15,920 MW. In order to strengthen the transmission and distribution network in the state to cope with new power generation and demand for power TRANSCO would be spending about Rs. 6,000 crore and distribution companies would be spending about Rs. 8,000 crore.

In the background of Sompeta and Kakarapalli incidents and also controversies about permissions given to large number of companies to set up new power plants the state government decided to undertake comprehensive review of its power purchase policy. Most of these power plants were given land by the state government at concessional rates and also other concessions like allowing them to sell 25 percent of the power in the market.

The Hinduja National Power Corporation Limited (HNPC) seems to be finalising the plans to set up 1,040 MW thermal power plant near Visakhapatnam. The company has awarded the EPC contract worth Rs. 4,000 crore to BHEL. At the same time there was criticism that this plant is violating coastal regulation zone (CRZ) norms. The HNPC contends that 600 acres of land which comes under CRZ is not being used for setting up the plant but it will be used to develop green belt. This land constitutes 50% of the land allotted to the plant. The question was, would it be possible to set up the huge plant in the remaining land?

The Comptroller and Auditor General had found fault with the GoAP for not cancelling land allotment of 1,122.38 acres of land to Hinduja National Power Corporation Limited for setting up a power plant near Visakhapatnam. According to the power purchase agreement HNPC was expected to achieve financial closure within 12 months of the agreement (April 15, 1998) and the project to be completed within 44 months. According to this finding HNPC did not even pay full amount for the land.

According to press reports the GMR group has proposed to set up 6,500 MW thermal power project at Kona in Thondangi mandal near Kakinada sea port. About 2,600 acres acquired by APIIC would be handed over to GMR for this plant. People from 72 villages spread over four mandals of Kakinada rural, U Kothapalli, Thondangi and Gollaprolu are apprehensive about the dangers posed by this plant to their lives and livelihoods.

In response to writ petitions filed by farmers under the Gundlakamma lift irrigation scheme that is in operation since 1992 and irrigating 5,000 acres Justice L. Narasimha Reddy of the A.P. High Court ordered status quo regarding further proceedings pertaining to acquisition of agriculture wet lands for the proposed Kanaparthi Thermal power plant in Nagualapadu mandal of Prakasam district.

Reliance Infrastructure bagged a EPC contract worth Rs. 7,200 crore from the group firm Reliance Power to set up 2,400 MW gas based power plant at Samalkota in AP.

As a part of the short term plan APGENCO plans to add a capacity of 3,300 MW by 2013-14 and as a part of long term plan it plans to add 18,500 MW by 2017-18. The short term plan may need a capital investment of about Rs. 18,000 crores. Efforts are being made to start generation at the new 500 MW unit of Kothagudem plant by May.

Solar Integration Systems India Private Limited proposes to set up a 1 MW solar power plant in Anantapur district.

The new 500 MW unit of Kothagudem Thermal Power Station was synchronised with the grid on 30<sup>th</sup> March. This takes the installed capacity of the station to 1,720 MW.

GAS:

According to written reply given in Lok Sabha the gas production in KG Basin D6 gas fields of RIL had come down to 50-51 MCMD from 60 MCMD in the middle of 2010.

According to Director General of Hydro Carbons Reliance need to drill two more wells by April. 18 wells were drilled so far out of 22 wells approved for Phase – I. Gas is being produced from 16 wells and two more wells were complete but production had not started. And two more wells are yet to be connected.

The private gas based power plants figured in discussion in the AP Assembly on 5<sup>th</sup> March. While Mr. Kanna Babu pointed out that the private plants were GAIL, RIL, RGTIL and gas based power plants in AP. According to the swapping agreement the KG basin gas meant for plants in Gujarat will be used by the power plants in AP and Gujarat plants will use RLNG. The AP DISCOMs will pay along with the cost of RLNG other costs like transportation cost, marketing margin, inter and intra state taxes. This swapping agreement was expected to ease gas supply situation to the gas based plants in the state. This would help additional generation of 600 MW power.

Ministry of Petroleum and Natural Gas of GoI revised the peak gas output from RIL's KG gas fields to 87 MCMD from its 2009 estimate of 80 MCMD. According to its estimate the peak of 86.92 MCMD will be reached in 2013-14. According to this estimate the field had a life of 13 years.

RIL in its estimate of gas availability from KG basin projected that gas production will decline to 38 MCMD in 2012-13 from the present generation of 44 MCMD. RIL's largest discoveries in KG basin D1 and D3 which accounted for 54 MCMD in 2010 declined since then.

Additional gas reached the gas based power plants in the state on 18<sup>th</sup> March following the swap agreement.

## TRANSMISSION & DISTRIBUTION:

DISCOMs in the state and APTRANSCO plan to spend about Rs. 14,000 crore on strengthening T&D network in the state to match new capacity addition in power generation of about 18,500 MW by 2017. The plan includes construction of 338 sub-stations of different capacities, 7,000 circuit km of transmission lines and over one lakh transformers. This was also expected to bring down T&D losses to 16 percent.

A new high voltage transmission line 400 kv voltage of a length of 67 km constructed by APTRANSCO meant to evacuate power from Kothagudem Thermal Power Station stage VI was commissioned on 7<sup>th</sup> March. This was expected to improve voltage levels in Telangana region.

In a fire accident at Mamidipally 400 kv sub-station transformers of 315 mva worth Rs. 15 crore were burnt disrupting power supply in parts of Telangana including Hyderabad.

Power consumption levels in the state are increasing on 10<sup>th</sup> March power consumption reached 257 MU per day. If this increases to 260 MU the T&D net work in the state will be under severe pressure. Last year during this time power consumption touched 230 MU. At present deficit is estimated at 1450 MW.

## ENERGY CONSERVATION:

The state government of AP issued a GO mandating the government and quasi government offices to use energy efficient (rating of 3 or above stars) electrical equipment. This applies to all equipment including lighting. An earlier GO covered lighting only. NEDCAP will provide technical assistance in implementation of this programme.

As a part of 'Sector Specific Energy Saving Plan' NEDCAP is collecting information on government and private buildings with a connected load of 100 KW and above. Once buildings were identified energy audit of those buildings would be performed to assess energy saving potential. Already 1360 buildings were identified in CPDCL area under this project. After this a conservation action plan would be prepared. Besides this, three municipalities, one from each region of the state, will be selected for a detailed study on prospects for energy saving in street lighting, water pumping, and sewage pumping. Prospects for waste heat recovery in 20 industries will also be examined as a part of this plan. Information gathered from this effort will be used to frame a policy by the state government on incentives and disincentives in energy conservation.

An official of APCPDCL Mr. S. Chittaranjan, ADE was slapped with a case of disproportionate assets case after anti-corruption bureau officials searched his residence and office. Assets unearthed were to the tune of Rs. 1.16 crore.