

# **Power Sector in Andhra Pradesh and Telangana during March, 2017**

## **GENERATION**

### **WestingHouse to continue with nuclear project**

In the background of Westinghouse filing for bankruptcy there were doubts about its readiness build atomic power plants in AP. Westinghouse is to build six AP-1000 reactors with a capacity of 1208 MW at Kovadda in Andhra Pradesh.

In a written reply to a question in Lok Sabha, Jitendra Singh, Minister of State in the Prime Minister's Office, said discussion on the techno-commercial offer between the state- owned Nuclear Power Corporation of India (NPCIL) and WestingHouse Electric Company are on.

### **Andhra Pradesh to generate 11,670 Mw additional power**

Keeping in view the future power requirements of the capital city of Amaravati, the state government has unveiled its ambitious plans to add 11,670 mw more to its capacity. The government will take up projects in that direction in the next 10 years at an estimated cost of Rs 84,000 crore.

### **Andhra Pradesh not to pay higher tariff for wind power**

AP has refused to buy wind power at a rate higher than the one arrived at the country's first ever wind power auction, At the auction developers expressed their readiness to supply wind power for Rs 3.46 per kWh. But before the auction APERC had set the tariff for 2016-17. AP had expressed its unwillingness to sign wind power purchase agreements (PPAs) at a tariff higher than Rs 3.46 per kWh.

Ajay Jain, Secretary Department of Energy, GoAP was reported to have said, "If a Rs 3.46 tariff has been discovered, why should we sign PPAs at a higher tariff?" and "This is the tariff that will be paid even by non-windy states. Why should Andhra Pradesh, which has strong winds,

pay

more?"

The decision may put at risk projects of around 500 MW in these states. These projects have been completed but have still to sign PPAs with DISCOMs.

APDISCOMs have filed a petition before the APERC to set wind energy prices according to open competitive bidding.

### **Zynergy to set up solar module unit in AP**

Zynergy, a subsidiary of Alectrona Energy of Chennai had proposed to set up module unit with an investment of Rs. 110 crore and cell manufacturing unit with a capital cost of Rs. 410 crore as a part of its Rs. 3,970 crore three phase project to be taken up in Andhra Pradesh.

The State Investment Promotion Board decided to extend to Zynergy several concessions as per the AP Electronic Policy 2014-2020. As per the policy, the company will get 100 per cent reimbursement of stamp duty, transfer duty and registration fee paid on sale and lease deeds, capital subsidy of 10 per cent of total investment of Rs. 5 crore, 100 per cent tax reimbursement of VAT/CST for a period of 10 years subject to a maximum of 100 per cent of fixed capital investment.

The government has also decided to offer power cost reimbursement of Rs. 1 per unit for five years for a capacity between 250 MW and 500 MW of cells and modules, Rs. 1.25 per unit for five years for capacity between 500 MW to one giga watt of cells and modules and Rs. 1.5 per unit for five years for capacity of one giga watt of cells and modules. Through this the State government is seeking to attract solar module manufacturers and wind energy equipment makers to the State as a part of its efforts to boost renewable energy portfolio in the state to about 9 GW by 2019-2020.

### **Telangana a power surplus state**

Telangana has become a power surplus state from a power deficit state about 30 months ago.

A series of measures like capacity addition, power purchases, commissioning of renewable power projects and a new inter-State power supply line to evacuate from power surplus State of Chhattisgarh to the State and judicious management are reported to have helped overcome power deficit of about 2,500 MW.

The commissioning of TSGENCO projects and 1,200 MW thermal power plant of Singareni Collieries Company Limited in Adilabad and solar power projects had helped to tide over deficit. In addition, arrangements were made to purchase of over 500 MW during the peak summer

months and would augment another 1,000 MW from Chhattisgarh with the commissioning of a dedicated transmission line from Wardha to Dichpally.

The State is expected to have about 3,000 MW solar power by the year-end. The power from the solar plants is proposed to be supplied to the farm sector during the day time. The state government proposes to bridge the gap in power availability through medium term power purchases.

### **NTPC's Ramagundam plant to have new technology**

GE has set up Powering Efficiency Centre of Excellence to boost the efficiency of coal-fired power plants and significantly reduce emissions. It would demonstrate the new technology at NTPC's Ramagundam Super Thermal Power Plant in Telangana. GE will help increase the efficiency of three 200 MW Ansaldo steam turbines installed more than 30 years ago. The efficiency of each steam turbine is expected to be up by up to 14 per cent, increase plant output by approximately 30 MW as well as reduce its carbon footprint by approximately 5 per cent.

### **Bhadradi Thermal Plant works resume**

After obtaining environment clearance from the central government's Ministry Environment and Forests TSGENCO asked the executing agency BHEL to resume works on 1.080 MW Bhadradi thermal power project in Kothagudem district. Following the central government's clearance the TSPCB also issued NoC to resume works on the plant. TSGENCO has to submit to the central government six monthly reports on the status of implementation with regard to the stipulated environmental safeguards and also upload the compliance reports on its website.

### **Telangana to lead in solar power generation**

The state government plans to make Telangana the biggest solar power generating state in the country by the end of this year. According to present plans Telangana expects to have an installed capacity of 1,456 MW of solar power by April this year and that is expected to reach 2,000 MW by the end of this year. The state has set a goal of generating 5,000 MW of electricity from solar power in the next few years.

## **FUEL**

### **ONGC signs pact with GSPC to buy out KG block stake**

The ONGC has signed agreements to buy out GSPC's entire 80 per cent stake in KG-basin natural gas block for \$1.2 billion. Subsequent to board approving the deal on February 23 ONGC has signed farm-in and farm-out agreements.

The company will close the deal and pay the GSPC the money after regulatory approvals like government nod for transfer of PI (participating interest) and change of operatorship are secured.

ONGC will pay \$995.26 million for three discoveries in the KG-OSN-2001/3 block that are under trial production since August 2014. Another \$200 million will be paid for six other discoveries for which GSPC has been finalising an investment plan to bring them to production. Besides the payout to GSPC, ONGC will have to pay for the entire development cost of the six discoveries, which may cost a couple of billion dollars.

GSPC, with a debt of Rs 19,716.27 crore as on March 31, 2015, has so far made 9 gas discoveries in the Bay of Bengal block. Of these, three -- KG-08, KG-17, KG-15 commonly known as Deendayal West (DDW) fields - have been approved for development.

But against an approved field development plan (FDP) cost of \$2.75 billion, GSPC has seen a huge cost overrun, incurring \$2.83 billion as on March 31, 2015. Additionally, it had run up an exploration cost of \$584.63 million, taking total expenditure as on March 31, 2015, to \$3.41 billion. As per the requirement of the field development plan (FDP), 12 more development wells are yet to be completed, which will further bump up the project cost.

The trial production from the DDW field commenced in August 2014, but the average production achieved is only 19.45 million standard cubic feet per day against a targeted commercial production of 200 MMSCFD.

### **ONGC to invest deep gas fields**

ONGC will invest over Rs. 21,500 Crore to develop deep gas sources in its prime KG basin block by 2033-23. ONGC plans make this investment to develop the ultra-deep sea VD-1 find. This will help it more than double output from its prime KG basin block. This is over and above the investment of Rs. 34,000 crore in bringing to production 10 oil and gas discoveries in its Bay of Bengal block KG-DWN-98/2 (KG-DS). ONGC plans to drill nine wells on the discovery that lies in water depths of 2,400 – 3,200 meters and will produce a peak output of 19 MMSCD.

### **Gas price hike in April likely may be low**

From April 1 for the next six months the Centre will announce the revised rates for domestically produced natural gas. The revised rates could range between \$2.25/mmBtu and \$2.7/mmBtu, nearer to the existing \$2.5/mmBtu

The revision will also be effective for gas produced from High Pressure-High Temperature (HP-HT) discoveries, or difficult terrains.

The current ceiling price produced from HP-HT discoveries stands at \$5.30/mmBtu. This could cruise up or down by 30-45 cents.

### **SCCL and Railways to develop Kothagudem-Sattupalli line**

The Railway Board approved Rs. 704.31-crore Kothagudem-Sattupalli rail link. Singareni Collieries Company Ltd and South Central Railways will jointly develop this rail link. The SCCL will invest Rs. 622 crore for development out of Rs. 704 crore for the 53.3-km railway line and the rest will be met by the Railways. This will enable the SCCL to evacuate coal mined and transport to thermal power plants.

This will bring down the cost of transport of coal. About 10,000 tonnes of coal is currently being mined at Sattupalli mines and transported through lorries. The mining company plans to increase the output from the mine once the line is completed. The coal thus produced from the Sattupalli region will be used in KTPS at Palvancha, Bhadradi power project coming up at Manuguru and Yadadri power plant coming up in Nalgonda district.

## **TRANSMISSION**

### **Telangana to access more power ahead of summer**

The Telangana Transco announced the successful installation and test charge of two new 400 kV feeder bays at the 400 kV Dichpally sub-station. The PGCIL has already announced the completion of the Wardha-Dichpally transmission line to evacuate power from Chhattisgarh.

With this, Telangana is ready to receive power from the 765 kV Nizamabad substation under the Wardha Hyderabad transmission scheme. The two power DISCOMs are expected to get 1,000 mw power from Chhattisgarh from March second week. Work on the 400 kV Maheshwaram sub-station and the connected lines, which hold the key to availing power supply from Chhattisgarh state, is going on and the executing agencies have assured of their completion by April.

## **DISTRIBUTION**

### **AP Budget allocations for power sector**

In the budget for the financial year 2017-18 the GoAP set aside Rs 4,311 crore has been proposed for the energy and infrastructure department, which includes power subsidy to the agriculture sector.

### **Vizag's underground power cable project to begin**

The first phase of the underground cabling project in Visakhapatnam city is expected to start from second quarter of 2017-18. This project will cost Rs. 230 crore.

### **TSDISCOMs' ratings may dip due to delayed tariff filings**

The performance ratings of power distribution companies in Telangana are likely to take a beating this year due to them delaying the filing of Annual Revenue Requirement (ARR) for the year 2017-18 with the TSERC.

These ratings are important for raising funds for various projects. Poor ratings hurt the chances of raising adequate and cheap funds from both government and private investors and also in the form of loans sought banks and other financial institutions.

In the past two Integrated Ratings for State Power Distribution Utilities, the agencies said the key concerns for both Telangana Southern Power Distribution Company Limited (TSPDCL) and the Northern Discom (TNPDC) was absence of tariff proposals as well as delays in filing of the ARR. In addition, delays in finalization of audited accounts and other issues are also hurting the ratings of the two power distribution companies.

In 2016, SPDCCL achieved an 'A' rating by improving its performance over 2015, the year for which it received a 'B+', considered a moderate rating. On the other hand, NPDCL has stuck with a B+ rating for the past two consecutive years. The ratings of both the power distribution companies are likely to dip this year due to high power purchase costs and non-filing of ARR with the TSERC within stipulated time limit.

### **Telangana State sanctions 6,990cr funds to TSDISCOMs under UDAY scheme**

Under UDAY scheme, the state government has sanctioned Rs 6,990 crore to TSDISCOMs. Another tranche of nearly Rs 2,000 crore is expected to be released in the next 10 days. As per the UDAY Scheme, the state government has to take over 75 per cent of the debts of the two power distribution companies as on September 30, 2015.

The two DISCOMs in the state are having a long term debt of Rs 1,18,97 crore (TSSPDCL- Rs 7,392 crores and TSNPDCL - Rs 4,505 crore) as on September 30, 2015 and under the UDAY Scheme, the state government has taken over 75 per cent of the DISCOMs debt amounting to Rs 8,923 crore.

"The balance loan amount of Rs 2,974 crore is being restructured by the DISCOMs by issuing bonds with a Government Guarantee. As a result of taking over the loan by the state government, there is a relief of interest burden of Rs 890 crore per annum to the two DISCOMs and consumers at large,"

### **Lower funds may lead to tariff hike in Telangana**

In the budget for the financial year 2017-18 the GoTS has allotted 4,203.21 crore. This is less than last year's allocation. For 2016-17, the state government had extended 4,500 crore to the DISCOMs. The Telangana DISCOMs had shown deficit of more than Rs.7,000 crore.

## **GENERAL**

### **Collectors authorised to give relief to people hit by power transmission projects**

The Andhra Pradesh Government has appointed the collector of the respective district as authorised officer to finalise the compensation that should be paid to the affected families whose land and properties are likely to be affected due to works relating to power sector like laying of transmission/distribution lines and construction of sub-stations. The AP Electricity Regulatory Commission gave an advisory to make the collector the competent authority to whom the affected families could represent their grievances and seek their redressal.

During interaction with press APERC Chairman Justice G. Bhavani Prasad clarified, “In the event of the affected parties remaining dissatisfied by the compensation announced by the collector concerned, they can directly approach the commission with their plea.”

### **Dangling electric wire inflicts burns**

A 50-year-old man suffered severe burns after he came in contact with a dangling 11 KV electric wire at Keesara on Tuesday. The incident occurred when the victim, Ramadasu, was returning home on a two-wheeler. Ramadasu suffered 50% burns and his condition was critical.