

Power Sector in Andhra Pradesh and Telangana during May, 2015

Policy

AP to promote municipal solid waste to energy plants

The Andhra Pradesh Government is planning to convert the Municipal Solid Waste (MSW) into energy as part of its Swachh AP plan. Under this, the State Government proposes to MSW to energy projects in the state with an aggregate capacity of 130 MW. These will be at locations to be identified by the municipal administration and urban development department. APDISCOMs will select project developers through a Swiss Challenge process. One such plant will be set up in each district. A 1 MW waste to energy plant requires around 50-60 tonnes of waste on a daily basis.

AP sets up a body to implement solar parks

Andhra Pradesh Solar Power Corporation Private Limited has been set up for implementation of solar parks and set up solar power plants in the state. The corporation has been formed as per the Ministry of New and Renewable Energy Scheme for implementation of Ultra Mega Solar Parks wherein 50 per cent equity is held by Solar Energy Corporation of India (SECI), 41 per cent by APGENCO and 9 per cent by NREDCAP (New and Renewable Energy Corporation of Andhra Pradesh). The APSPCL is developing 1500 MW NP Kunta Solar Park in Ananthapur and Kadapa districts and 1000 MW Gani and Sakunala Solar Park in Kurnool district.

World Bank to extend Rs. 2,500-cr loan to AP power sector

The World Bank has come forward to extend a Rs. 2,500-crore credit to AP for enhancing power efficiency, including bringing down transmission and distribution losses. The credit is aimed at improving rural supply network, including feeder segregation, setting up of solar pump sets, smart metering and strengthening the distribution network, including investments in smart city infrastructure for the new capital city.

AP to make state renewable energy hub

The Andhra Pradesh government has set out an action plan to make the state a renewable energy hub in the next four years. Under this plan, 5,000 Mw solar power and 4,000 Mw

wind power plants are to be set up by 2019 to meet the twin objectives of energy security and clean energy considerations. These initiatives are estimated to cost of Rs 1,289 crore. KFW, a German Bank, has agreed to provide credit support to it. Centre has sanctioned Rs 515 crore grant for evacuation of wind power and green energy corridor.

Telangana announces new solar power policy

The Telangana state government announced new solar power policy, valid for the next five years. The policy included many incentives for solar power developers. The policy will be applicable to grid-connected solar power projects based on both photovoltaic (PV) as well as solar thermal technologies. These projects will supply power to state distribution companies and sell it to third parties within the state.

It provides for a 100 per cent refund of VAT/GST for all inputs required for solar power projects and 100 per cent stamp duty refund for land purchased for the solar power project. The State proposed to encourage development of solar parks to host an array of players. A solar policy cell to facilitate single window clearance has been proposed. A transaction charge of Rs. 10,000 per mw shall be applicable with a maximum of Rs. 2 lakh per project. Under the policy the land ceiling act will not be applicable to land acquired for solar projects. The wheeling and transmission charges have been exempted for captive use within the State. It provides for development charges and layout fee of Rs. 25,000 per acre to the respective panchayat. A project monitoring committee would be constituted to facilitate early implementation.

Generation

EPDCL targeting 100MW rooftop solar power units

The Eastern Power Distribution Company of AP Limited (APEPDCL) has set a target of installing 100MW rooftop solar power units in Greater Visakhapatnam Municipal Corporation (GVMC). Solar power units will be set up at the household level under the net-metering system. The DISCOM requires 1 lakh consumers to reach the target, if each of these 1 lakh consumers purchase one kW capacity solar unit each. Until now only eight consumers responded to APEPDCL's previous solar project through net-metering.

AP is becoming India's nuclear core

The second campus of Bhabha Atomic Research Centre (BARC 2) will be located near Visakhapatnam and GE-Hitachi collaborating with Nuclear Power Corporation to set up a cluster of six 1,600 MW. This will be spread over 4,000-acre and will have strategic

facilities, a fuel fabrication unit, futuristic accelerators and a Hiflux reactor producing large quantities of radioisotopes.

AP has made a proposal to the Department of Atomic Energy on setting up a greenfield nuclear fuel fabrication facility in Kurnool district. Chief Minister of AP gave the project the go-ahead. The Department is inclined to accept the proposal. This facility will supplement the Nuclear Fuel Complex in Hyderabad, the main fuel supplier.

Gas power plants get subsidy support

Five power plants in Andhra Pradesh belonging to GMR, GVK and Lanco are among 10 gas-based power plants that have qualified for subsidy to purchase imported gas and sell power at lower rates in the first phase of bidding under the new gas mechanism meant to support stranded gas power plant assets. These plants are expected to start power generation from June.

The bids received from stranded power plants were in the range of Rs 1.42 to Rs 1.45 per unit. The companies submitted bids for subsidy amount they would require to sell the incremental electricity that they will produce from the gas supplied to them at subsidised rates. The tariff of power was capped at Rs 5.5 per unit. In the first phase, the companies competed for 8.9 mmscmd of RLNG to be sourced by GAIL. Subsidy for these plants will be provided from Power System Development Fund. The government will provide Rs 3,500 crore in financial support to the power plants this financial year. These plants include Lanco Kondapally (1,108 MW), RVK Energy (28 MW), GMR Rajahmundry (768 MW), GMR Vemagiri (370 MW) and GVK (220.5 MW).

NTPC awards solar project to Tata Power, Lanco

Tata Power Solar, Lanco Solar Energy, BHEL and Sterling and Wilson are selected by NTPC for setting up of 250 MW solar PV project in Anantapur district of Andhra Pradesh. This is first phase of 1,000 MW ultra mega solar PV plant taken up by NTPC. Tata Power Solar Systems Ltd of Bengaluru has been awarded contract for 100 MW, Lanco Solar Energy (50 MW), BHEL (50 MW) and Sterling & Wilson, a Shapoorji Pallonji Group promoted company (50 MW). This phase is based on domestic modules. Based on per mega watt cost of about the project works out to a little over Rs 7 crore the present phase is expected to investment of Rs 1,779.25 crore.

Polavaram to displace 1.88 lakh people

The Polavaram multipurpose project in Andhra Pradesh is likely to displace over 1.88 lakh people, mainly tribals across 222 villages. So far, 1,730 persons in six villages have been

rehabilitated. Construction of the project has been taken up by the Andhra Pradesh government and an expenditure of Rs. 5,575.35 crore was incurred till March 31 this year.

The Polavaram project is expected to irrigate an area of 2.91 lakh hectares apart from generating 960 MW of power. In addition, 23.44 TMC feet water will be available for domestic and industrial uses, while 80 TMC feet will be diverted to the Krishna basin.

After 35 years compensation yet to reach Srisailem dam evacuees

Hundreds of families, who were displaced by the Srisailem dam, continue to languish with the state government sitting on the compensation package. Work on the dam began in 1960 and was completed in 1980. As many as 11,192 families in 65 villages in Mahbubnagar district were displaced. Thirty-five years later, many families still are waiting for their compensation. People who had lost their land in Neettampadu and Jurala projects are also facing the same fate.

VIIth unit of Kothaguden Thermal Power Station

The Union Ministry of Environment, Forests and Climate Change is reported to have put condition for environment clearance for 800 MW VIIth unit of Kothaguden Thermal Power Station at Palvancha. The unit has to drop proposal to construct ash pond in 230 acres and instead achieve 100% utilisation of fly ash in the coming five years. Along with this, units I and II with capacities of 60 MW and 120 MW respectively need to be phased out by 2019.

NTPC assurance to Telangana on Ramagundam

National Thermal Power Corporation has assured the Telangana Government that the entire power generated from the proposed 4000 MW thermal power project at Ramagundam would be allotted to the State. It sought early clearances and support for the project implementation from the state government. The project would be commissioned within four years.

Mytrah Energy awards Rs 700-cr equipment contract to Suzlon

Mytrah Energy Limited has awarded a contract to Suzlon Group for a 98-Mw windmill project, valued about Rs 700 crore, it is planning to set up at Nazeerabad in Rangareddy district of Telangana. This order is part of a business partnership agreement signed with Mytrah in May 2010 for purchase of one GW turbines from Suzlon.

Telangana short term power purchase

The Telangana state power utilities have entered in to short term agreements to procure 1,000 MW of power. This power will be procured at rate of Rs. 5.99 per unit. In the process they are reported to have violated norms as this procurement is being done without any bidding. The price of procurement of the same power under the cancelled agreements was Rs. 5.91 per unit. Though this DISCOMs in Telangana will be bearing extra burden of about Rs. 80 crore a year.

TSTP Stage I

The environmental clearance public hearing related to TSTP stage I being set up by NTPC as a part of the AP Reorganisation Act near Ramagundam was held on 23rd May. Two units of 800 MW is proposed to be set up at a cost of Rs. 9,954 crore. The land for these units will be procured from the villages of Khajipalli, Malliapalli, Kundanpalli, Shalapalli, Elkalapalli, Medipalli, Laxmipuram, Kannala, Brahmanapalli and others. The second stage of this project with 2,400 MW is expected to come up at Damarcherla in Nalgonda district.

Fuel

Centre not to sell stake in Singareni Collieries to Telangana

The Centre has made it clear that it was against divestment of its 49 per cent stake in the State-owned joint venture Singareni Collieries Company Ltd. The Union government has taken this decision after examining a proposal sent by the Telangana Government in July 2014 to buy out the Centre's stake in the joint venture. The State owns 51 per cent of the company.

SCCL gets coal block outside Telangana

Singareni Collieries Company Limited (SCCL) was allotted the Naini coal block in Odisha. This is first time that SCCL is allotted a coal mine outside the state. The allocation of Naini block comes in the wake of the cancellation of 214 allotted coal blocks by the Supreme Court in September last year and the Centre deciding to conduct a fresh auction. When the new auctions were announced, the Telangana energy department wrote to the Union coal ministry in December 2014 requesting the Centre to allot coal blocks to SCCL in Chattisgarh, Odisha, Madhya Pradesh and Maharashtra. SCCL was given the block under the Public Sector Undertakings (PSU) quota of 43 coal blocks to companies which have links to power generation companies. The Naini coal block has 300 million tones of coal reserves. The block

spreads over nine sq kms of which about 700 hectares is forest area and the rest government and patta land.

Singareni eyes mines in foreign countries

Singareni Collieries Company Ltd has invited expression of interest for acquisition of thermal coal assets in Australia, Indonesia, South Africa and Mozambique.

This step is part of the mining company's strategy to acquire overseas assets when the global prices for mines and their valuations are currently ruling low. SCCL is scouting for mines with a minimum 2 million tonnes per annum capacity and reserves of not less than 50 million tonnes for each mine.

Singareni Collieries to open three more mines

State-owned miner Singareni Collieries Company has decided to take up three new mines to step up coal output. These mines are the Ramagundam Open Cast extension, Bellampally Open Cast 2 and Manuguru underground mines.

ONGC and Cairn to raise investment in K-G basin

ONGC and its partner, Cairn India are planning to spend about Rs 4,800-6,400 crore in the Nagayalanka onshore block in the Krishna-Godavari Basin. The investments would be spread over three to five years, on creation of infrastructure, production facilities and transportation. In addition to oil, the block has recoverable reserves of around 70 billion cubic ft of natural gas.

Reliance Industries starts fresh drilling to boost KG-D6 output

RIL and its partners BP and Niko Resources have started fresh drilling at the D1 and D3 fields of the KG-D6 block at a cost of \$60 million. Production at the KG-D6 block at present is around 11 mmscmd.

Gas availability to rise by FY19

Additional 24 mmscmd is expected from the KG Basin blocks of ONGC and Oil India. RIL is expected to increase its output from its once-prolific KG-D6 blocks to 20 mmscmd by FY19 from about 11-12 mmscmd currently.

AP govt to waive VAT on natural gas, allied products

The AP government has decided to waive the 25 per cent Value Added Tax (VAT) on natural gas and its allied products, including regassified liquid natural gas (RLNG). Through this VAT, the state earns a revenue of Rs 1,150 crore.

The AP government is reported to have waived VAT in order to participate in the gas pooling scheme proposed by the Centre for which this is one of the pre-conditions.

Transmission

Germany's KFW and Centre to fund AP green energy corridor

KFW, the German lending agency, and the Centre have agreed to fund the green energy corridor in AP. The Rs. 500-crore loan from KFW and Rs. 515 crore grant from the Central Power Ministry would be deployed to develop the Rs. 3,500-crore green energy corridor. The green corridor is meant to support the upcoming solar and wind projects in the state. The APTRANSCO and DISCOMs will take steps to mobilise the balance investments from Power Finance Corporation (PFC) and Rural Electrification Corporation (REC).

Distribution

Telangana Transco gears up to meet power demand

The Telangana TRANSCO has decided to connect all the new 33/11 kv substations to the power grid to meet the sudden increase in power demand as a result of the heat wave. The Erragadda 220/132 kv substation will also be charged to improve power supply in Greater Hyderabad.

General

Contract Employees' JAC declared strike

The Telangana Electricity Contract Employees' JAC declared strike of work demanding regularisation of present contract workers and direct payment of wages to outsourced contract employees. The employees called off strike on 13th May after some assurances from

management. These included 12% special allowance on minimum basic wages payable monthly.

Deaths due to shocks in Telangana

About 250 people, mostly farmers, died due to electric shock in Mahbubnagar, Nalgonda, Khammam and Medak districts since March 15. Mahbubnagar district tops the electrocution toll with 65 people succumbing to shocks. It is followed by Nalgonda (57), Medak (55) and Khammam (53). Electricity poles and DTRs have become death traps in rural areas in Telangana. Delay in replacement of old poles and overhead electric lines, lack of maintenance of transformers and frequent fluctuation in voltage have taken a heavy toll on people, especially those engaged in farming in these districts.

Hyderabad court orders attachment of DISCOM assets

A city court has ordered attachment of movable assets of APTRANSCO for its failure to clear dues of an equipment supplier. The order was issued in response to a suit filed by Equipment Conductor & Cable Ltd, which said that the power transmission utility did not clear Rs 1.55 crore of dues despite a decree issued by the court in 2010.