

# **Power Sector in Andhra Pradesh and Telangana during May, 2016**

## **POLICY**

### **Captive power plants in T, AP must pay duty: HC**

The Hyderabad High Court bench comprising Acting Chief Justice Dilip B Bhosale and Justice P Naveen Rao has ruled that captive power plants in Telangana and Andhra Pradesh have to pay duty at the rate of 25 paise per unit on power produced by them for their own consumption while upholding the Section 3-B of Andhra Pradesh Electricity Duty Act, 1939.

The petitioners' The High Court bench dismissed a batch of writ petitions moved by captive power generating units of both states who contended that since they were producing their own power, they need not pay any duty and the state has no right to levy the same. The petitioners challenged the constitutional validity of Section 3-B of Andhra Pradesh Electricity Duty Act, 1939, as introduced vide amendment Act No. 14 of 2003. This provision vests power in the state government to impose duty at the rate of 25 paise per unit on consumption of electric energy by captive generating units.

## **GENERATION**

### **GMR's stranded Rajahmundry Energy project debt restructured**

GMR Rajahmundry Energy Ltd, A subsidiary of GMR Infrastructure Ltd, has announced its Strategic Debt Restructure with lenders taking 55 per cent of the equity as per the RBI norms. Its 768-MW (2x384 MW) natural gas power plant is faced with no long term fuel supply agreement and long term power purchase agreement. While it was completed in 2012, its commissioning was delayed due to non-availability of gas supply and unprecedented fall in gas production from KG-D6. This resulted in cost over-runs, even though the project was commissioned in October 2015.

Out of the total outstanding debt, including overdue interest of Rs. 3,780 crore, debt of Rs.1,414 crore has been converted into equity by which the consortium of lenders would have 55 per cent shareholding and balance 45 per cent would be held by GMR. After the conversion, balance debt of Rs. 2,366 crore would have a repayment period of 20.5 years, including a moratorium of 1.75 years and interest rate of 10.75 per cent. After the debt restructure, the project will have total equity of Rs. 2,571 crore.

### **NGT Orders status quo on Bhadradi**

In the background of environmental violations that have already taken place the southern bench of the National Green Tribunal (NGT) ordered that appraisal of 270MW X 4 Bhadradi Thermal Power Station in Khammam district of Telangana could not be taken up by the MoEF of GoI.

## **Installed solar capacity in India touches 7,000 MW by April**

### **AP, Telangana on top**

Andhra Pradesh and Telangana contributed significantly to the raise in solar power capacity in the country. Both these States have seen a three-fold and five-fold increase respectively in solar power capacity in the last six months. In Telangana, installed solar power capacity increased from around 91 MW on November 30, 2015 to 527 MW on April 30, 2016. In Andhra Pradesh the capacity increased from about 283 MW on November 30, 2015 to 792 MW on April 30, 2016.

During 2015-16, solar segment added 3,019 MW to the grid, Andhra Pradesh (435 MW) and Telangana (361 MW), according to a document of Union Ministry of New and Renewable Energy (MNRE). Along with Tamil Nadu, Andhra Pradesh and Telangana registered a strong growth and the three States jointly accounted for about 57 per cent of overall capacity addition during the FY 2016.

### **Solar power capacity gathers pace as NTPC, SECI bid for 750 MW**

NTPC had invited bids for 350 MW to be installed in Telangana under reverse e-auction. The average winning bid for the auction continued to remain below R5/unit at R4.66/unit.

SECI's 400 MW tenders in AP were based on a fixed tariff of R4.43/unit with the company providing additional viability gap funding for projects. The successful bidders were decided on the lowest amount of VGF sought, which came in from FRV Solar Holding at R44.5 lakh/MW to win 100 MW.

ACME won 150 MW out of 400 MW at the SECI-bid after quoting a VGF of R55 lakh/MW. Azure Power won 50 MW in SECI bid and 100 MW in NTPC's bid.

### **NTPC commissioned 200 MW solar unit in AP**

NTPC Ltd has commissioned 200 MW out of 250 MW of Stage-I Ananthapuramu Ultra Mega Solar Power Project coming up in Andhra Pradesh. This is part of the 1,000 MW solar park in the State. The unit was synchronized on April 30.

## **Gamesa to set up Rs. 300-crore unit in AP**

Wind turbine maker Gamesa is going to establish an integrated manufacturing facility at Iffco Kissan SEZ, located in Nellore, Andhra Pradesh, with an investment of about Rs. 300 crore. Phase I of the project will see setting up of a blade production unit for the G114-2.0 MW wind turbine model, which will have a rotor diameter of 114 metres or 374 feet, and designed to increase energy output from low- and medium-wind sites. The blade plant is expected to be commissioned in August. The facility will be equipped to manufacture 300 MW per annum in the initial period. It is expected to employ over 1,000 people.

## **Wind energy picks up steam**

In India FY saw the highest wind energy installation in a year at 3,472 MW. Andhra Pradesh was one of the top five states. 362.50 MW capacity was added in AP.

## **Telangana, the new hotspot for solar power; to add 3,000 MW by next year**

Telangana State has seen the installation of over 520 MW of solar power in the past 12 months and has handed over development of 3,800 MW through major tenders. This is part of the State's target of solar photovoltaic power generation of 5,000 MW by 2018-19. ACME Solar, Sky power, Adani Green, Suzlon, Mytrah, Gestamp, Shapoorji Pallonji are among solar power developers engaged in building projects. The State plans to use all of the power generated by solar to meet the requirements of the agriculture, which has been assured nine hours of power in two trances.

TSDISCOMs have made arrangements for supply up to 7,000 MW through purchases. As of May 22, the State has supplied 5,672 MW.

## **Rays Power commissioned solar units in Telangana**

Rays Power Infra Pvt Ltd has commissioned a 11.5 MW solar PV project in Telangana. The work on this Rs. 77-crore project located in Mahabubnagar district was started in January and completed in three months. It is part of the State's Solar Park Policy thrust to procure 500 MW through a tariff-based competitive bidding process.

Rays Power Infra's bid won 32 MW projects in Mahabubnagar and Medak districts. The company now has a total installed capacity of 50 MW in Telangana.

Rays Power Infra also recently set up a 10 MW solar power project for Haldiram's Snacks in Telangana. The plant was set up within seven months. Power produced from this plant is being sold to Telangana DISCOMs.

## **FUEL**

### **Singareni to float tenders for Naini coal block**

Singareni Collieries Company Ltd will float tenders for mine development operator, for the development of the Naini coal block in Odisha, estimated to have potential for 450 million tonnes of coal. The mining company decided to engage the third party mine developer as it is located in another State and far away from its existing mining infrastructure. It is proposed to begin production within 36 months after securing all mandatory clearances.

### **GSPC to commence gas production in KG basin**

The Gujarat government-owned GSPC is expected to start commercial production by September with technical help from oil major BP. A relatively small production is expected as early as June. While the total KG OSN 2001/3 block extends over 530 sq km, GSPL has so far submitted a field development plan that has been approved by the Directorate General of Hydrocarbons (DGH) for the Deen Dayal West (DDW) field which extends over 17 sq km — the approved estimate for gas reserves in DDW is 2 tcf, of which half is recoverable. GSPC, which has drilled four wells so far has had limited success.

GSPC has spent Rs 14,652 crore on the DDW field till now. GSPC has started test production from wells DDW-1 and 2 in August 2014 and from DDW-3 from September 2014. These were conventional wells where initial results were positive but did not sustain for a longer period. Currently, only DDW-2 is under test and producing about 0.1 mmscmd of gas. Hydro-fracking technology was utilised in drilling another well, DDW-4. This well would be put on stream for commercial production during May. The output is expected to rise after a fifth well — DDW-5 — is drilled. This well is expected to be completed in the second half of this year. At the same time, side-tracking model would be implemented to DDW-1, 2 and 3 to hydro-frack and improve gas production from these wells.

## **DISTRIBUTION**

### **AP's 5-point agenda to be 'energy theft-free'**

The Andhra Pradesh government has formulated a five-point strategy to make it an "Energy theft-free State", while bringing down the losses to single digit from double digit (about 13 per cent now).

The five point strategy includes release of new meters by conducting special *melas*, monitoring and sealing of all meters, energy audit at the village level, and energy audit for corporations, towns and municipal headquarters, as well as intensive drive to check pilferage.

### **Increasing power demand in Hyderabad**

Electricity consumption in Hyderabad city registered 56 MU per day on May 3<sup>rd</sup>. It was expected to increase to 60 MU during this summer. Last year the same day registered consumption of 52 MU and during 2014 on the same day it was 48.5 MU. Peak demand is taking place between 11 am and 5 pm and again 6.30 pm and early morning.

### **LED bulbs to be distributed in Telangana**

TSDISCOMs have planned to replace incandescent bulbs with 9W LED bulbs in 25 nagar panchayats. Work will be initiated from Deverakonda town in Nalgonda district. Under this initiative 4.66 lakh LED bulbs will be distributed to 2.33 lakh households with an expenditure of Rs. 3.48 crore. LED bulbs costing Rs. 74.6 each will be supplied at Rs. 10 each.

## **GENERAL**

### **Heavy rain lashes Telangana; power, water supplies hit**

Heavy thunderstorms lashed Hyderabad and several parts of Telangana on May 5<sup>th</sup>. Uprooting hundreds of trees due to heavy winds led to snapping of electric wires at several places.

### **Cattle electrocuted**

29 heads of cattle were electrocuted on 8<sup>th</sup> and 9<sup>th</sup> of this month in Medak district. 400 heads of cattle were being taken from Kangti to the cattle camp near Nallavagu. During the 8<sup>th</sup> night animals were halted in an open place near Antargam. A sudden downpour and heavy winds led to snapping of high tension overhead power lines and coming in contact with animals. 23 cattle die in this incident. Another 6 heads of cattle were electrocuted on 9<sup>th</sup> at Ibrahimpur village in Nyalkal mandal when they came in contact with a live wire.