

Power Sector in Andhra Pradesh during November 2011

POLICY

A press release issued during this month the state government revealed that power generation capacity stands at 3,245 MW in the background of the present installed capacity of 15,768 MW after the new unit at Kothagudem and the first unit at Bhupalapally started power generation. In order to fill the gap new capacity addition of 4,500 MW is planned. To this the attempts to bring down T&D losses are also to be added. It also showed that 20% of the electricity could be saved through conservation efforts. Conservation efforts in industrial sector would lead to 7% saving, in agriculture 4.5%, in domestic sector 6% and in commercial sector 2.5%.

GENERATION

11 developers were allowed to set up roof top PV based small solar power generation plants with a total capacity of 10.5 MW and 25 developers were given permission to set up off-grid solar plants with a total capacity of 10.4 MW. Some of these projects have gone on steam. But unlike other states like Gujarat and Maharashtra the state government of Andhra Pradesh is yet to come out with a solar power policy for the state.

Developments in the corridors of power show that capacity addition through Case – 1 bidding may not be realized soon. The following power plants were short listed following floating of tenders in May 2010 for a total capacity of 2,000 MW

Name of the Plant	Capacity in MW	Unit price in Rs.
East coast	620	3.466
Hinduja	580	3.480
Athena	200	3.681
Nelcast	500	3.683
Thermal Power Tec	500	3.685
Krishnapatnam Power	250	3.782
NSL	250	4.088
Nava Bharat Ventures	50	4.521

Most of the selected plants are caught in one or the other controversy and they starting power generation in near future is doubtful. Work at East Coast power plant location in Srikakulam district was stopped by the central government's Ministry of environment and Forests after stiff

protest by local people in the course of which a few precious lives were also lost. In the case of Hinduja plant to come up near Visakhapatnam is caught in a CRZ controversy. This plant which was selected way back in 1995 as a part of fast track projects is now lobbying to take up a merchant plant avatar. Other plants are yet to break the ground. Lanco power which went to court protesting its exclusion from the bidding recently withdrew the case showing indications that there may be some movement on this front. But at the same time there are also indications that fresh bids may be called.

The Telugu Desam Party (TDP) demanded a CBI enquiry into the activities of Mr. K. Rosaiah, former Chief Minister of Andhra Pradesh who was energy minister in Mr. K. Vijayabhaskara Reddy cabinet at the time of signing of PPAs for the first time with GVK, Spectrum and other power developers in the state. The TDP found fault with the allegation that irregularities in PPAs had taken place during that parties regime led by Mr. Chandra Babu Naidu. The party claimed that in fact during their term the price of power was brought down from Rs. 1.44 per unit to Rs. 1.29 per unit.

Power Trading Corporation was planning to commission the first electricity tolling project in Andhra Pradesh during December 2011. This power plant with a capacity of 200 MW is located in Nellore district and being developed by Simhapuri Energy Ltd. In this tolling project, PTC India's subsidiary PTC Energy would provide the coal for the developer and the power generated in this plant would be owned by the PTC. This electricity would then be sold by PTC India to others. Another tolling project with a capacity of 150 MW is expected to be commissioned in Andhra Pradesh in the first quarter of FY 2013.

Lanco power was reported to have declined to sell power from its 366 MW extension plant in the state, saying that it had entered in to a contract with Karnataka utilities it would not sell that power here. Through this agreement Lanco will be earning nearly Rs. 2 per unit more. The central government declined to allot gas to merchant power plants. But Lanco seems to be interpreting its sale to Karnataka units also as a sale to state utilities. But this will be a loss to AP.

FUEL

The Reliance Industries Limited (RIL) was reported to have sent an 'arbitration notice' to the Petroleum Ministry of the Government of India even before the latter could serve similar notice. News reports earlier mentioned that the Ministry was in the process of issuing a notice to RIL disallowing substantial capital expenditure (nearly \$1.85 billion) RIL had claimed to have made in KG basin D6 block. RIL planned gas output of 80 MMSCMD by 2012 with an expenditure of \$8.8 billion but the gas output instead of increasing is declining, leading to the questioning of the capital expenditure on this gas field.

RIL has reduced gas supplies from KG basin to power plants in the state from 75% of their requirement to 65%.

Cairn India and its partner were reported to have restarted exploration for oil and gas in Krishna and Godavari basin onshore block. Reports mention that in the initial drilling oil and gas were struck.

The Central Electricity Authority (CEA) showed that thermal power generation was hit because of stoppage coal mining in Singareni coal mining area due to movement for separate Telangana. This had impacted power generation not only in Andhra Pradesh but also all other parts of the country. Coal based thermal power stations received only 30 mt coal against the requirement of 37.9 mt. Strike in Singareni Collieries Company Limited's mines in Khammam and other parts of Telangana disrupted coal supplies to Ramagundam project of National Thermal Power Corporation (NTPC) in Rayalaseema and the Kothagudem thermal power stations of APGENCO, besides Raichur Thermal Power Station of Karnataka Power Corporation and Parli Thermal Power Station of Maharashtra State Power Generation. Even by the time strike in Singareni Collieries started stocks at many of the power plants reached a critical stage with these plants having stocks sufficient for less than four days only.

TRANSMISSION

The transmission network to evacuate power from Hinduja National Power Corporation Limited's (HNPCL) 1040 MW plant will be taken up by REC Transmission Projects Company Limited (RECTPCL), a wholly owned subsidiary of Rural Electrification Corporation Limited (REC). The Vizag-Vemagiri evacuation system for the HNPCL plant includes the setting up of a 400 kV D/C (Quad) line at the generation switchyard of the Vemagiri-II pooling station; and the Khammam – Nagarjunasagar 400 kV D/C line.

DISTRIBUTION

In the name of power shortages distribution companies in the state decided to continue power cuts to a duration of 12 hours in a day (6 a.m. to 6 p.m) to continue in rural areas. These power cuts may extend up to June next year, onset of monsoons. Besides this, in Mandal headquarters power cuts will be to the extent of 8 hours, in municipalities 6 hours, district headquarters 4 hours and 2 hours in Hyderabad. Daily shortage of power was reported to be to the extent of 22 MU. The DISCOMs in the state claim that every day they were spending Rs. 7 crore to purchase power from the open market at the rate of Rs. 4.30 per unit.

The central government had sanctioned Rs. 1,604 crore under R-APDRP for electrical network strengthening in urban areas. The works to be taken up include renovation of old substations and transmission lines, erection of new substations, installation of automatic meter reading

instruments at transformers. Within the above total fund Rs. 160 crore would be spent on SCADA centres at Hyderabad, Vijayawada, Guntur, Nellore, Visakhapatnam and Warangal. These interventions were expected to bring down T&D losses below 15%.

OTHER

The Andhra Pradesh Electricity Regulatory Commission (APERC) continued its hearing on Fuel Surcharge Adjustment (FSA) during the month of November also. The four power distribution companies in the state viz., CPDCL, EPDCL, NPDCL and SPDCL have filed petitions before APERC claiming FSA to the extent of Rs. 4,622 crore for the years 2008-09 and 2009-10. While the distribution companies urged the APERC to condone the delay in filing the FSA claims Industrial consumers argued that such delayed imposition of tariffs would make their position difficult because they cannot recover these costs from their customers after a gap of one or two years.

A report brought out by the Bureau of Energy Efficiency (BEE) for the state of Andhra Pradesh showed that the energy saving potential in public lighting, water and sewerage pumping stands at about 140 MU. This would be equivalent to power consumption by nearly 2.5 lakh poor families. This report shows that consumption in these segments could be brought down by 20 to 25%. While 40 MU of power could be saved in water and sewerage area 100 MU could be saved in public lighting. The proposed energy saving measures includes CFL lamps, LED street lighting, solar street lighting, and star rated energy efficient pumps.

The New and Renewable Energy Development Corporation of AP (NREDCAP) planned a pilot on improving lighting in the villages through energy efficient lighting system under “energy Efficient Villages Project”. For this 44 villages will be selected. In 22 villages existing street lights will be replaced with LED systems and in the remaining villages filament bulbs will be replaced with energy efficient bulbs in households.

The Rural Development Department of Government of Andhra Pradesh had initiated a scheme called Indira Jala Prabha to energise one lakh bore wells belonging to scheduled castes and Scheduled Tribes at a cost of Rs. 1,600 crore. As a part of it Rs. 10 crore was released to APTRANSCO to initiate work on energizing the pump-sets. In the first stage 1,960 bore wells would be energized.