

# **Power Sector in Andhra Pradesh and Telangana during November 2014**

## **GENERATION**

### **GoAP signs MoU with Sumitomo**

One among the four MoUs, Sumitomo Corporation of Japan and Government of Andhra Pradesh (GoAP) have entered into MoU for setting up of a 4000 MW (4x1000 MW Coal Fired) ultra mega power project in Srikakulam district. GoAP intends to receive funding support from government agencies of Japan for power project. The project estimated to cost over INR 20,000 crore. JICA is likely to provide with the loan at 0.3% interest rate payable over a span of 40 years. Sumitomo was earlier associated with the Vijjeswaram power project in Andhra Pradesh.

### **Surana Ventures lowest bidder for solar pumps in AP**

Surana Ventures claimed to have emerged as the lowest bidder for supply of solar photovoltaic water pumps in the tenders floated for installation and maintenance in Andhra Pradesh and Telangana.

The tenders were floated on September 30 for supply, installation and commissioning for 4,000 sets for both AP and Telangana under the rate contract system. About 30 bidders participated in the bidding. The value of the programme is about Rs. 200 crore. The work includes installation of pumps and solar panels and maintenance for five years.

### **Telangana to cancel solar pump tenders**

The Telangana Government had decided to cancel the tenders invited by NREDCAP for supply, installation and maintenance of solar pump sets for use in the agriculture sector due to complaints of irregularities that include arbitrary hiking of prices. There are reports that prices quoted have been much higher than offers made by suppliers in other States.

### **Telangana Committee**

The Telangana government constituted a high-powered committee of five senior officers to study in detail the feasibility of replacing over 20 lakh pump sets in the farm sector with solar pump sets by analysing the impact on the power sector and funds required for such a large project. Chief Minister of Telangana wanted a detailed analysis of the costs and savings in implementing the programme. The state government proposed to take up a pilot project in the State to establish solar pump sets and follow this up with one lakh pump sets in the first phase. Given the huge financial implications of supplying power to the pump sets, the State wanted to evaluate how the solar pump sets work out in the long run. The State had earmarked Rs. 240 crore for solar pump sets in the Budget for a pilot project.

The representatives of Kirlosker Brothers Limited, one of the firms engaged in manufacture of water pumps, met the Chief Minister of Telangana and proposed that it would supply 100,000 solar agricultural pumpsets in one year and would replace all the existing pumpsets of farmers in the state with solar pumpsets in a span of 10 years. They also came forward to take care of maintenance of the pumpsets for a period of 10 years. The chief minister wanted the project to be executed on a pilot basis so that the feasibility of providing solar pumpsets to all the farmers could be evaluated.

### **AP and Telangana among 12 states to get mega solar parks**

The Ministry of New and Renewable Energy (MNRE) has identified 12 locations in various states where 25 solar parks can come up. The scheme envisages setting up of 25 solar parks over the next five years with a total capacity of around 20,000 Mw, with each park housing a plant with a capacity ranging from 500-1,000 Mw. A solar park is a concentrated zone wherein the government will provide land and basic infrastructure for setting up the plant as well as evacuation of power.

Solar parks set up in Gujarat and Rajasthan will be models for the proposed solar parks. The solar parks would be developed in collaboration with state governments while Solar Energy Corporation of India would be the implementation agency on behalf of the Centre. Developers will have to enter into power purchase agreements with distribution companies before setting up the plant. The central government allocated of Rs 1,000 crore for the development of ultra large solar projects and parks, for the financial year 2014-15.

These locations identified include the ones are in Andhra Pradesh and Telangana. While AP has proposed to have a 2,500 MW park, Telangana proposed 1,000 MW.

### **Telangana Solar bids**

108 companies filed bids in response to bids called by Telangana to procure 500 MW solar power. The aggregate capacity offered was 1,840 MW. Lowest bid price was Rs. 6.45 per unit.

One of the bidders ACME Solar claimed that it secured rights to develop 50 MW of solar photovoltaic power projects in Telangana. The state had offered prospective project developers a cumulative capacity of 500 MW. This project will entail an investment of Rs. 660 crore. The company will sign a power purchase agreement with one of the local utilities of the state for a period of 25 years.

### **ITC wind farms caught in ‘cross fire’**

Wind energy farms set up by ITC Ltd are caught in the ‘cross fire’ between Andhra Pradesh and Telangana over wheeling issue. ITC has invested Rs. 300 crore in wind farms in Anantapur in Andhra Pradesh for captive usage at factories in Chirala, Anaparthi in Andhra and Bhadrachalam in Telangana. Due to the complexities post the bifurcation of Andhra Pradesh, and the lack of wheeling agreements that encourage wind energy, ITC has not been able to utilise the wind power generated for its units in Telangana and Andhra Pradesh for the last few months. The company is being forced to pump the power generated into the grid since the past few months, as there is lack of mechanism to wheel the power to its manufacturing units. As a result, it has supplied renewable energy worth Rs. 12 crore free into the Andhra Pradesh Grid as it could not use it due to lack of wheeling arrangement.

### **MEIL commissions 50-MW solar thermal farm in AP**

MEIL Green Power Ltd (MGPL) has commissioned a 50-MW Concentrated Solar Thermal Power Project set up on a 600-acre site in Pamidi in Anantapur district of Andhra Pradesh. MGPL was reported to have invested Rs. 848 crore on the project. The company expects to generate revenues of about Rs. 110 crore per annum from the solar plant. The plant is expected to generate 110 million units of solar power and supply it at Rs. 11.30 per unit. This solar power project was awarded to the MGPL under the Jawaharlal Nehru National Solar Mission.

### **Telangana to Buy 1,000 MW Electricity from Chhattisgarh**

Telangana government on Monday signed a memorandum of understanding (MoU) with Chhattisgarh for purchasing 1,000 Megawatt of power. This will be followed by the two states signing a power purchase agreement. The rate will be decided by the Electricity Regulatory Commission. The Power Grid Corporation of India Ltd in the meantime is expected to lay a transmission line between the two states. The tender process for the work is to be completed in a month. The purchase of 1,000 MW will provide much needed relief to the newly formed state, which is reeling under acute electricity crisis.

## **Waste to Energy**

Greater Hyderabad Municipal Corporation (GHMC) has decided to set aside the 48 MW (24X2) municipal solid waste to electricity project proposed to come up at Jawaharnagar dump yard on city outskirts. It did not get necessary permissions from Pollution Control Board. The project costing about Rs. 700 crore was planned as a PPP venture between GHMC and Ramky under integrated solid waste management.

**Enercon** will get 90.72 acres under lease from AP government to set up **wind farms** in Anantapur district. The land will be leased at the rate of Rs. 1.50 lakh per acre.

## **FUEL**

### **KG-D6 block: 'disallow' \$970 million of Reliance's cost**

According to the Comptroller and Auditor General the contractor of KG-D6 block, Reliance Industries Ltd, has recovered \$9.2 billion of its cost incurred for developing the acreage while the total expenditure incurred by RIL in the block was \$10.44 billion till March 2013. In this process RIL has made \$929.32 million, while the Government got \$103.26 million, from the profit of \$1.03 billion till March 2013 from the block.

The CAG recommended disallowance of around \$970 million of cost recovery based on irregularities in accounting procedures, revenue recognition and expenditure. The Government has already levied a penalty of \$2.38 billion on RIL in the form of disallowance of cost incurred by the company. The auditor's recommendation is likely to overlap with the penalty already levied on the company by the Government. The report covered a four-year period from 2008-09 to 2011-12.

### **Singareni Collieries performance**

SCCL closed 2013-14 with a turnover of Rs. 11,870 crore and contributed about Rs. 3,200 crore towards royalty and sales tax among others, including Rs. 1,688 crore to the State and Rs. 1,512 crore to the Centre through corporate tax, clean energy cess etc. During 2013-14 the company produced 50.46 million tonnes (mt), registering 100 per cent achievement against the revised target of 50.30 mt. The production mix was 10.54 MT from underground and 39.92 MT from open cast mines. During the present year about 29 mt has been produced. Last financial year, the average cost of production was Rs. 3,747 per tonne from underground mines and Rs. 1,630 per

tonne from open cast mines. The average cost was Rs. 2,015 per tonne, against Rs. 1,837 a year before. The average sales realisation was around Rs. 1,905 per tonne (Rs. 1,851).

The Centre has directed Western Coal Fields (WCL) Limited to supply additional 1 million tonnes of coal to Andhra Pradesh.

## TRANSMISSION

### **Andhra to get Fuji Electric's help to build smart grid**

At the request of Chief Minister of AP during visit to Japan Fuji Electric agreed to send a team of its representatives to Andhra Pradesh by December-January to do a feasibility study for a smart grid project in the state. GoAP plans to develop three mega cities and 14 smart cities in Andhra Pradesh. Fuji's smart grid monitors the consumption of energy and forecasts the demand for the next 24 hours to make energy management efficient. This monitoring and forecasting of energy enables the city administration to draw energy if there is more demand and share power with other grids if the demand is less. The smart city also has dynamic pricing system and gives incentives to consumers who respond positively to environment concerns. Though Andhra Pradesh has an energy monitoring system, it does not have forecasting mechanisms in place.

One of the MoUs signed with Japanese government organizations include an MoU with the New Energy Industrial Technology Development Organisation (NEDO) of Japan. Under this information and opinion will be shared between NEDO and AP besides identifying the possibilities of future collaborative activities in the area of smart community.

The GoAP also sounded the Softbank of Japan on support in solar projects and other opportunities in the infrastructure sector in the state.

### **Centre to provide Rs. 1,350 crore for development of Green energy Corridor in Andhra Pradesh**

The ministry of power of GoI agreed to sanction Rs.1,350 crore for developing a Green Energy Corridor in Andhra Pradesh to strengthen the network for renewable projects — particularly solar and wind units.

The GoI also decided to increase the number of solar pumps from 4,000 to 8,000 with the Central Government providing 30 per cent of the cost of these pump sets as grant.

## DISTRIBUTION

### **2.25 lakh power consumers in Guntur district Get LED Bulbs**

About 2.25 lakh LED bulbs were distributed in Guntur district under the Demand Side Efficient Lighting Programme (DELP) being implemented to save electricity consumption. This DELP pilot project was taken up in the district jointly by the Energy Efficiency Services Ltd (EESL) and the Andhra Pradesh government. There are about 12 lakh electricity connections in Guntur district and in the city alone there are about three lakh connections. With the estimation that about 10 lakh electricity consumers will utilise the opportunity and accordingly orders have been placed for 20 lakh LED bulbs. While EESL will procure LED lights from LED manufacturers to be supplied to the AP government, the Southern Power Distribution Company of AP Ltd (SPDCL) is distributing them to consumers.

As part of the programme, a consumer can exchange two 60 Watt incandescent lights (ICL) for as many 7 Watt LED bulbs. Each bulb costs just Rs 10. Consumers have to produce their Aadhaar cards and electricity bills to procure LED lights at Rs 10 each. Along with Guntur this programme will be implemented in Srikakulam, West Godavari, and Anantapur districts.

## OTHEERS

### **One day power cut relaxed**

Due to completion of the Kharif season, fall in power demand and onset of the winter season, the one-day power holiday in Telangana, being implemented for the industrial sector, has been relaxed with effect from 6 am on Thursday, November 20, 2014. This was announced by Chairman and MD of TSSPDCL.

### **Power resolution adopted by Telangana Legislative Assembly**

The Telangana Legislative Assembly adopted a unanimous resolution requesting the Centre to direct Andhra Pradesh to supply Telangana its legitimate share of 53.89 per cent power from power stations located in AP as incorporated in the AP Reorganisation Act. The Centre was urged to allot AP's share of power in Central quota to Telangana, if AP continues to deny power to Telangana ignoring the Centre's directives in this regard. It urged the Centre to include Telangana state in the Centre's scheme to supply 24x7 round-the-clock power, similar to what has been extended to AP, Delhi and Rajasthan.

Moving the resolution Chief Minister of Telangana argued that the AP government had been violating all orders with regard to sharing of power issued by the then undivided AP government, Central Electricity Authority, Southern Load Despatch Centre and AP Electricity Regulatory Commission. He said that the farmers and people in Telangana were facing severe problems on account of shortage of power and urged the Centre to come to the rescue of Telangana by ensuring power supply from AP. According to him the AP government's denial of power has resulted in the Telangana government spending Rs 2,500 crore to buy power from the open market and whatever sources was available.

### **Division of ERC**

Assets and employees of erstwhile APERC was distributed between APERC and Telangana ERC. While APERC will have its office in the 4<sup>th</sup> floor TERC will have its office in 5<sup>th</sup> floor of Singareni Bhavan. Deposits to the tune of 12.05 crore will be shared equally. Record room, library and server room will be maintained jointly. 22 staff members will be allocated to AP and 16 will be allocated to Telngana ERC.

New members of Telangana ERC have joined the Commission. Ismail Ali Khan is the Chairman; H. Srinivasulu is member – finance and I. Manohar Reddy is member – technical.

According to a reply given in the Telangana assembly the state government has to pay arrears to the extent of Rs. 1,635.67 crore to the two DISCOMs in the state, from different departments. While NPDCL has to get Rs. 532.46 crore SPDCL has to get Rs. 1,103.21 crore.

### **Telangana budget**

The state government allocated Rs. 4,647.78 crore to the electricity department. While Rs. 3,000 crore will be towards subsidy the remaining will be towards planned expenditure. This includes Rs. 1,000 crore for TSGENCO and Rs. 240 crore for solar energy programmes.