

Power Sector in Andhra Pradesh during October 2013

POLICY

The newly created A.P. Land Management Authority (APLMA) in its meeting on 4th October approved allotment of 500 acres of land to different entities for setting up of wind energy units.

The Telugu Desam Party appealed to the state government of AP not to approve AP Industrial Infrastructure Corporation's (APIIC) recommendation to grant exemption to transfer of land allotted to Kineta Power Projects Private Limited (KPPPL) to a power project belonging to Jindal Group. APIIC had allotted 840 acres of land at Momidi and Thamminipatnam villages in Nellore district to KPPPL at Rs. 80,000 per acre in 2009. KPPPL was expected to power generation within two years. It was served notice by APIIC only in July this year. To this KPPPL replied that it needed four more years due to problems related to rehabilitation. While this request was pending before it APIIC recommended transfer of this land to Jindal group on payment of Rs. 6.5 crore.

GENERATION

Gamesa Wind to set up 54 MW wind power project in AP

Gamesa Wind Turbines entered in to an agreement for setting up a 54 MW wind power project in AP. As per the agreement, Gamesa would supply 27 units G97-2.0 MW turbines. The commissioning is scheduled to be completed by May 2014. Gamesa would be responsible for full scope of site development, supply and commissioning of the turbines and operation and maintenance.

Warangal Corporation gets roof-top solar power system

Instruments Techniques has installed a 27 KW roof top solar photovoltaic power system in Warangal Municipal Corporation (WMC). The system will power the ground floor of the office to run all lighting systems, fans and computer load for eight hours during the day. The system

will generate around 125 KWh (units) of electrical energy each day on an average that will amount to around 40,000 units or more every year.

Gas-hit Lanco seeks government help to save AP power project

Lanco Kondapalli Power (LKPL) part of Lanco Group has written to the ministry of corporate affairs of GoI urging it to suspend two key provisions in the accounting standards (AS) to save its gas based power project which has come to a standstill after complete stoppage of gas from RIL's KG basin wells. According to LKPL disruption in gas supplies delayed the commercial operation date of its 742 MW Kondapalli Stage III (the company has got project commissioning date extended by lenders from January 2013 to January 2015) by two years.

LKPL has written to the government seeking changes in the accounting norms that would allow the company to capitalize its borrowing costs and other expenses being incurred in the project pending completion of the commissioning activities that were delayed due to stoppage of KG basin gas. These two key accounting standards deal with accounting for fixed assets (AS-10) and borrowing cost-suspension of capitalization (AS-16). The Rs 2,610-crore project has a debt component of Rs 1827 crore financed by six lenders with Axis Bank as the lead lender.

FUEL

Government takes back 80% of RIL's D6 block

The Government has informed Reliance Industries Ltd and its partners BP and Niko Resources that it was taking back almost 80 per cent of the 7,745-sq km Krishna Godavari Basin D6 block from them. This is part of the exploration process, where after every phase 25 per cent of the area has to be surrendered. This area, which also had five small discoveries (D4, D7, D8, D16 and D23), would have been surrendered earlier, but for the rig moratorium and the debate whether the entire block was to be treated as a discovered area.

KG-D6 block to see output jump for first time in 4 yrs

For the first time in four years RIL's KG Basin block will see its production picking up again. The Company stated that production from this block would rise to 17 MCMD by the end of this

financial year from the current MCMD. The growth in natural gas production would be led by incremental production from MA fields in the block. Further production increase was also expected from its largest discoveries D 1 and 3 following the workover programme scheduled to commence in January 2014. A Note from the management also points out that production from the block will run out by 2022.

Reliance refutes allegations

Reliance industries Ltd (RIL) termed CPI MP Gurudas Dasgupta's allegations that the company was deliberately reducing production of gas in KG basin in anticipation of higher gas prices as 'baseless'. It called for arbitration to sort out the disputes with the government.

Andhra Pradesh to get additional gas

According to the plan prepared by the Centre, the power generators are to be asked to utilise the additional natural gas supplied by ONGC and GSPL to mix with naphtha or regasified liquified natural gas so that they could generate more power. The average unit rate for this power has been calculated as Rs 7.50 in which the Centre is ready to provide a subsidy of Rs 2.50. But the power consumers have to shell out Rs 5 per unit for this power. The state was reported to have agreed to this proposal and was preparing to file the same before the AP Electricity Regulatory Commission for necessary approval. The Centre has estimated that by mixing the natural gas with either naphtha or RLNG, the production in eight gas-based power projects could be increased to 1500 MW from the present 507 MW.

Singareni Collieries staff to get special incentive

The Chief Minister of AP sanctioned an amount of Rs 72.05 crore as special incentive to all the employees of Singareni Collieries for 2012-13. This amounts to 18.3 per cent increase over last year. This incentive will benefit 65,354 employees. Each employee will get a minimum of about Rs 11,203 for 2012-13 as against Rs 9,308 for the previous year. Initially, about 10 per cent of the net profit was shared with employees. This has gone up to 17 per cent during 2011-12. This year, it has been enhanced to 18 per cent of net profits.

OTHERS

Andhra Pradesh to supply electricity to Naxal area in Chhattisgarh

The APERC has given the APNPDCL the go-ahead to extend power supply to a non-electrified Naxal affected area in Chhattisgarh. The APNPDCL will sign an agreement with the CSPDCL (Chhattisgarh State Power Distribution Company Limited) of Chhattisgarh to supply power to Maraiguda village, which is nearer to Bhadrachalam in AP. The area which is surrounded by dense forests is completely unapproachable from Chhattisgarh. The distance of the village from the APNPDCL network is 1.5 km, while the Chhattisgarh network is 30 km away. Under the agreement the CSPDCL will be treated as a bulk consumer by the Andhra Pradesh agency. Around 365 households and 15 government offices exist in Maraiguda. The remaining villages near Maraiguda like Kistaram, Gollapally are totally dependent on Maraiguda for many services including health services. Primary health centre here is not electrified. Due to distress migration, schools, ashrams, pota cabins are all functioning from Maraiguda. With the clearance the Chhattisgarh DISCOM will lay internal electrical lines, install associated equipment and undertake the task of distribution. The NPDCL will provide metering and allied equipment at the cost of APNPDCL. The Chhattisgarh agency will have to pay security deposit, development charges, service line charges, customer charges, fuel adjustment and delayed payment charges to the AP DISCOM.

SMEs in dire straits, seek Government intervention

According to the Federation of Small and Medium Enterprises in Andhra Pradesh most of the SME companies in AP have become sick mainly due to power cuts impacting their production and making them financially unviable. They drew attention to a report of RBI which showed that 6500 units in the State, from last April to June, have become sick units. Total non-performing assets in MSE sector stood at Rs 3,025 crore as on June 2013 as compared with Rs 2,589 crore as on March, 2013. The total number of sick units as at the end of the June 2013 quarter was 19,481 with an outstanding credit of Rs 1,256.56 crore as against 12,982 sick units with outstanding amount of Rs 833.16 crore as on March 2013.

Seemandhra strike hits power supply

Over 70,000 employees belong to power generation, transmission and distribution wings in Seemandhra launched the strike against the proposed division of Andhra Pradesh on 6th October. Power generation at several power stations in the Coastal Andhra and Rayalaseema regions and supply was impacted resulting in unscheduled power cuts in the entire state of Andhra Pradesh and parts of the southern states. Six out of seven units of Vijayawada Thermal Station were shutdown causing 1500MW generation shortage. The RTPP plant, which generates

400MW, was tripped, while a generation of 770MW was stopped in Srisialam power plant. Many trains were cancelled as power supply was switched off in the entire thirteen districts of Seemandhra. Chief Minister convened a review meeting on the situation with senior officials of energy department, transmission and distribution companies. The CM appealed to the employees to call off the strike and return to work so that people do not face any trouble.

Much of Andhra Pradesh was plunged into darkness and the Southern grid was severely stressed as power sector employees in the Seemandhra region continued their protest against bifurcation of the state. With generation down by more than 4,000 MW, all the 13 districts in the Seemandhra went without power. Essential services such as hospitals and railways were badly hit. The impact was felt in the Telangana region also, with unscheduled outages. Power generation has come to a halt at the 1,760 MW VTPS, the 1,100 MW RTPP and the 770 MW hydel power house at Srisailam.

The power situation in Andhra Pradesh continues to be grim on third day of protests, with severe cuts now spilling over to the Telangana region, including the twin cities of Hyderabad and Secunderabad. Nearly half the State is facing a blackout with the employees of State-owned utilities, AP Genco and AP Transco from the Seemandhra region abstaining work. About 4,300 MW is off the grid as there is no power generation in three major power Stations in the State. Following intervention by the Government, power supply has been restored to some of the essential services such as hospitals, drinking water supply and railway traction. A Group of Ministers today held parleys with the employees' representatives, calling upon them to get back to work.

The power supply position in the State returned to normalcy on 10th October as striking workers resumed work and restored most of the power stations in the Seemandhra region. These stations were shut down during the week against the Centre's move to carve out a separate State of Telangana. Seemandhra electricity employee unions called off their strike after talks with Chief Minister N. Kiran Kumar Reddy.

Power supply to be fully restored in cyclone-hit areas

Electrical network was extensively affected by the Phailin cyclone. Utilities were able to restore most of the affected network by 15th October. Out of 112 of 33/11 Kv sub-stations affected, 111 have been rectified. Out of the 323 of the 11 kv transformers affected, 295 have already been restored, 28 are being rectified. Of the 38 mandals affected in Srikakulam district, power has been completely restored in 34 mandals and partially in 3 mandals. And of the 2,061 villages affected, power restored in 1,811 villages. The remaining villages were expected to receive power in other two days.

UK, AP to share tech, work on energy conservation

The UK Government has agreed to collaborate with Andhra Pradesh in sharing latest technologies and best practices in energy conservation and efficiency. Andrew McAllister, British Deputy High Commissioner along with his team, met P.K. Mohanty, State Chief Secretary and assured him that the UK is willing to extend technical support to the State in bringing best practices in energy efficiency and energy conservation. This was in the background of the Bureau of Energy Efficiency has identifying Andhra Pradesh as high potential State for energy conservation and the Central Electricity Authority recognising the recent energy conservation initiatives across various sectors including industry, agriculture and Government.