

Power Sector in Andhra Pradesh and Telangana during October 2014

GENERATION

Krishna Board permits use of 3 tmc of water by Telangana

The Krishna River Management Board allowed Telangana state to utilise three-thousand million cubic feet (tmc) of water and generate power up to November 2. The Board will meet again on November 15 to review the situation. In the November 15 meeting, the Board will revisit the long-term supply issues and sharing approach between the two States.

Andhra Pradesh objected to Telangana's generating power from the Srisailem hydel power project. It was concerned about the depletion of water level in the Srisailem reservoir leading to far-reaching consequences. Telangana government was arguing that it was compelled to generate power at Srisailem to protect crops under well irrigation in the state.

AP receives bids for 1296 Mw solar projects

The Andhra Pradesh government has received bids totaling 1,296 Mw in response to the procurement of 500-Mw grid-connected solar power projects in the state. About 50 prospective solar power developers had submitted their proposals offering a tariff ranging from Rs 5.25 per unit to Rs 8.08 per unit.

US company First Solar has emerged the lowest bidder in the 500 MW solar tender for Andhra Pradesh, quoting Rs. 5.25 a kWhr for 40 MW and Rs. 5.35 a kWhr for another 40 MW.

The second highest bidder in the auctions was Acme Power, a company financially backed by Electricite de France. Acme quoted Rs. 5.63 a unit. Acme has emerged as the largest successful bidder for 160-MW solar PV power projects. This will entail an estimated investment of \$210 million (about Rs. 1,250 crore). The 160-MW projects will be set-up in the three districts of Anantapur, Kurnool and Chittoor in Andhra Pradesh.

1GW of Andhra Pradesh projects up for auction in beefed up solar mission

The second batch of the second phase of the JNNSM had set a target of 15GW by 2019. This target will be rolled out in three tranches – of 3,000MW, 5,000MW and 7,000MW. Under the first tranche, due to run from 2014 to 2017, 3,000MW of solar capacity will be “bundled” with 1,500MW of new coal capacity. The Andhra Pradesh auction forms the first part of this initial tranche and will select companies to build projects totaling 1GW on land in the state’s Kurnool District. A JV of public sector companies – JNNSM lead body the Solar Energy Corporation of India (SECI), the Non-Conventional Energy Development Corporation of Andhra Pradesh (NEDCAP) and Andhra Pradesh Power Generation Corporation (APGENCO) – will carry out necessary infrastructure works. The JV will select companies through a tariff-based bidding process. Out of the 1GW on offer, 250MW will be reserved for domestic content requirement (DCR) projects, consistent with other phases of the JNNSM. Individual projects will be no more than 50MW each in size. Power from the projects will be purchased by NTPC Vidyut Vyapar Nigam (NVVN) under a 25-year power purchase agreement. NVVN will bundle power from the 1,000MW of PV with 500MW of unallocated power from NTPC coal power stations and sell it on to distribution companies in the state.

Telangana to promote solar energy

Telangana state government called for bids for generation of 500 MWs of solar power. The state had received bids from 108 companies.

The Southern Power Distribution Company of Telangana Limited has extended the last date of tenders submission for procurement of 500 MW of solar power in Telangana bid by one more day. The solar developers were requested to upload their bids for setting up plants in nine districts of Telangana by 1 pm on October 14 and the bid process was to end at 1 pm. In view of server problems while uploading the bid online, the deadline was extended to 3 pm on October 15. The timelines mentioned earlier for other events will remain the same.

The Non-Conventional Energy Development Corporation of AP (Nedcap) has invited bids a couple of weeks ago to procure 2,000 solar power pumpsets of 3HP and 5 HP each for Telangana and AP. However, due to Hudud cyclone in Visakhapatnam, the last date for tenders was extended.

Nedcap floated tenders for purchasing 300 solar agriculture pumpsets in September last year. About 15 bidders came forward to supply pumpsets but the tenders were cancelled as the process was not approved by the ministry of new and renewable energy (MNRE).

Centre helps Andhra Pradesh government tide over power crisis

Responding to a request from the government of Andhra Pradesh, the Central government granted 200 MW of power from the unallocated quota in the southern grid to the state. The GoAP stated that it was facing a severe power shortage due to the thermal generation getting affected in Visakhapatnam's Simhadri power station due to Cyclone Hudhud and shortage of coal being faced by the other units. As against the 2000 MW capacity, Simhadri has been able to generate only 585 MW everyday since the cyclone had hit the north coastal districts on October 12. At the same time, AP is experiencing coal shortage because of which the Vijayawada thermal station was forced to reduce its generation from 1760 MW to 1219 MW and Rayalaseema unit from 723 MW as against its 1050 MW capacity. At the same time, keeping in mind the drinking water needs of the Rayalaseema districts, AP suspended hydel generation from Srisailem right bank canal power house from Sunday which resulted in a loss of another 770 MW of power. Due to all these reasons, AP experienced a total shortfall of 3000 MW.

PFC to fund Krishnapatnam power project expansion

The Power Finance Corporation (PFC) has come forward to fund the expansion of the AP Genco Krishnapatnam power project in Nellore district. PFC has agreed to provide funds to the tune of Rs. 3,542 crore for the expansion of Krishnapatnam unit with a capacity of 800 MW.

First unit of Hinduja Power's Visakhapatnam plant to go on stream by December

Hinduja National Power Corporation Limited is planning to commission its first 520 MW unit of the 1,040 MW thermal power project near Visakhapatnam by December. Thereafter, the second unit of 520 MW will be ready to go on stream by January-February 2015. The company revived the project in 2009-10 and secured fresh permission for implementation. Though the project is nearing completion certain power supply issues still need to be sorted out. The company has a long-term coal supply arrangement with Mahanadi Coalfields Ltd. HNPCL had signed a memorandum of understanding with the State in 1992. With the project securing a fresh nod, the State DISCOMs signed a Continuation Agreement in 2013 for renewal of the power purchase agreement.

Telangana to procure power from Chhattisgarh

The Telangana Government is seeking to step up efforts to make arrangements for procurement of additional power from various sources, particularly the power surplus State of Chhattisgarh. The Telangana state has sought 2000-MW power from Chhattisgarh to overcome the severe crises that the state had been reeling with. Six power projects both in public and private sector with a capacity generate 4000-Mw power are on the verge of completion. Under the agreement with the private power producer, Chhattisgarh will get its share from the production that it could sell.

'Power situation in Telangana to improve by June'

The Telangana government has expressed optimism that the power situation in the state would improve by June next year and was confident that the measures initiated in the last few months would lead to availability of additional 2,000-Mw by the end of 2015. Its intent was clear from calling bids for awarding 500-Mw more of solar power. The state government is also expecting 600-Mw of thermal power by July next year that would improve to 1,000-Mw by the end of 2015.

Telangana to buy 2,000 MW power on 7-year contract basis

Telangana government issued the orders for purchasing 2,000 MW of power immediately on a long term basis for a period of seven years from generators all over India. These orders were issued in modification of earlier orders according to which the government proposed to procure power on a medium term basis(5 years) from generators in the Southern region. Changes were reportedly to reducing the power purchase costs.

TS Genco, BHEL sign MoU to establish thermal power plants

Telangana State Power Generation Corporation (TS Genco) and Bharat Heavy Electricals Limited (BHEL) have signed a memorandum of understanding (MoU) to establish thermal power plants to generate 6,000 MW of electricity in Telangana. BHEL has already executed thermal power projects in Telangana in Bhupalapally, Singareni Collieries and Kothagudem. Under the MoU BHEL was expected to execute the project as the nominated engineering procurement and construction contractor within three years.

FUEL

Reliance Industries admits efforts to increase KG-D6 output unsuccessful

RIL reported that it's efforts to increase gas production at the KG-D6 block was not successful. For the July-September period gas production from KG-D6 averaged 1.25 MMSCD, down from 13.1 MMSCD in April-June. RIL second appraisal well had become unsuccessful. The RIL plans to carry out another appraisal with third appraisal well by May 2016, and final reserve numbers shall be available by mid-2016. Production from new well would be unlikely before 2018.

New gas price every six months on the basis of global rates

The government has decided to increase prices of domestically produced natural gas from the existing \$4.2 per mBtu to \$5.61 per mBtu. The upward revision will be 75 per cent less than that arrived at using the Rangarajan formula. With this gas price hike the central government will get additional revenue of Rs 3,800 crore annually. The new price will be determined on Gross Calorific Value (GCV) basis and reviewed every six months. The prices would be announced 15 days in advance of the half year. Every dollar rise in the gas price will result in Rs 4,000 crore of revenue and Rs 2,300 crore in profit after tax.

Coal

The Singareni Collieries Company Ltd (SCCL) is planning to start Asia's biggest long wall project at Adriyala shaft project at Open Cast Project – 2 in near Ramagundam in Karimnagar district of Telangana. This involves an investment of Rs. 846 crore. The Commonwealth Scientific and Industrial Research Organisation of Australia provided technical support for this project. This project is expected to provide employment to 850 skilled persons The coal reserves at this place were estimated to be 54.36 million tones.

TRANSMISSION

PowerGrid commissions Nellore-Kurnool 765-kV double circuit line

Power Grid Corporation of India Limited (PGCIL) commissioned the first 765-kV double circuit line from Nellore to Kurnool. It helps to strengthen the South India Grid.

The PFC will provide financial support of around Rs. 7,000 crore for new transmission schemes of AP Transco in the next two to three years.

DISTRIBUTION

PFC has come forward to provide Rs. 5,000 crore in support of reducing technical and commercial losses in AP through Restructured Accelerated Power Development and Reform Programme schemes and the newly proposed Integrated Power Development Schemes.

OTHERS

AP steps up efforts to restore power supply in cyclone-hit areas

The Andhra Pradesh Government and State power utilities have stepped up efforts to restore the power supply and rebuilding some of the infrastructure damaged by cyclone on 12th October. The Governments of Telangana, Karnataka and Tamil Nadu have extended support to the State deploying men and material for restoration works. The Hudhud cyclone has damaged power installations, including substation equipment, poles, transformers, and transmission & distribution lines in Visakhapatnam, Vizianagaram and Srikakulam districts. 57 EHT (extra high tension) towers of power transmission corporation had collapsed. Restoration and relief operations are now under way. 2,000-MW NTPC Simhadri power plant at Visakhapatnam was shutting down. Start-up power supply to NTPC Simhadri has been restored from Vemagiri 400 KV sub-station. Telangana State Transmission Corporation Limited has dispatched materials worth of Rs. 13 crore have been from Hyderabad to Visakhapatnam, Vizianagaram and Srikakulam districts for restoration of power supply at the earliest.

Power supply in the cyclone-hit Visakhapatnam, Vizianagaram and Srikakulam districts of coastal Andhra Pradesh will be restored by October 25. Power supply would be restored up to 90 per cent in Visakhapatnam by October 23, in all the mandal headquarters of the three districts by October 22, and in most of the villages by October 25.

Losses in the three districts were estimated at Rs 300 crore for APTransco, Rs 700 crore for

APEPDCL (Andhra Pradesh Eastern Power Distribution Company) and Rs 200 crore for others.

Two days a week power holiday for industries in Telangana

The industrial sector consumers in Telangana will have to face a two-day power holiday per week. This decision was taken because of steep increase in demand from the farm sector in the ongoing kharif season and shortage of power of about 1,000 MW. The State had to face a delayed monsoon which resulted in lower hydel power generation and loss of thermal generation due to coal supply issues. During the power holiday timings, open access for power purchases from third party supplies are allowed only on dedicated industrial feeders.

Assocham has expressed concern on the imposition of a two-day compulsory power holiday for industries in Telangana. According to it while all segments of the industry will bear the impact, small-scale units will be the worst hit.