

Power Sector in Andhra Pradesh during September 2013

POLICY

Solar PV project bidders get time till month-end to submit proposals

The AP Government had decided to allow time till September 30, 2013 Solar PV power generation companies who have submitted bids to set up units in Andhra Pradesh and those who have not participated in the recently concluded competitive bidding for 1000 MW but are now interested to submit their proposals to set up solar PV plants. All these developers had to accept the tariff offer of Rs 6.49 per unit as decided by Group of Ministers.

Initially PV plants need to be located in the area covered by 109 sub-stations identified in different parts of the state. However, under the changed policy solar developers will also be allowed to connect to any other sub-station in the State subject to technical feasibility.

AP to seek more funds from Centre for developing power sector

The Andhra Pradesh Government plans to seek more funds from the Centre under Rajiv Gandhi Grameena Vidyutikaran Yojana to take up power sector-related works in the State. According to the AP Government the state had electrified 13,002 habitations and 35,65,160 rural households including 26,65,142 below poverty line rural households. The Centre had released Rs 795 crore so far towards the programme. In order to effectively implement the Scheduled Caste and Schedules Tribe Sub-Plan, the Government has adopted a five-point programme, which includes fixing of department-wise targets. Under SC/ST Sub-Plan, the State Government has provided budget of Rs 12,252 crore towards energy, agriculture and various other sectors. AP power utilities plan to take up works pertaining to electrification of SC/ST habitations, energising of agricultural pump-sets to farmers and providing new electrical connections.

GENERATION

Flooding stalls generation at Rayalaseema thermal plant

Power generation in 1,050 MW Rayalaseema Thermal Power project located at Muddanur in Kadapa district of Andhra Pradesh has been affected due to heavy flooding in the region and water inundating some of the facilities at the plant. All the units of the power plants have been shut down due to flooding following heavy rains on 11th September. The area received over 21 cm of rain in a few hours resulting in flooding of the coal storage area and also water pumps, forcing shut down all the units. It would take couple of days to bring them back to service.

FUEL

Production short fall

Dasgupta says Moily reversing government stand on RIL production shortfall

Communist Party of India (CPI) leader Gurudas Dasgupta has alleged that the Petroleum Minister M. Veerappa Moily was reversing the government's stand on production shortfall from Reliance Industries Ltd's (RIL) KG-D6 block. Dasgupta in his letter to the Prime Minister alleged that the petroleum ministry is proposing that if it was established that the shortfall in gas production was due to geological difficulties, then RIL be allowed the benefit of higher gas prices. In the past the government had consistently rejected the RIL contention that the shortfall in production is due to geological difficulty. The ministry earlier held that the company had failed to fulfill its obligations under the production sharing contract, causing loss to the government as well as shortfall of a scarce resource. The total shortfall in production during four years till 2013-14 was 154 million standard cubic metres a day, and if the company was not allowed a higher price of \$8.4 on this quantity it would lead to a total saving of Rs 63,000 crore.

Dasgupta has also written to the Prime Minister to decide on a \$2.4-billion penalty on Reliance Industries Ltd (RIL) for "deliberate default" in production from KG-D6. He mentioned a report by P Gopalakrishnan, commissioned by the DGH, which said there was no geological uncertainty, as was being said by RIL. The Directorate General of Hydrocarbons (DGH) has recommended a penalty of \$1.8 billion for 2012-13. However, the petroleum ministry has not issued a fresh notice to RIL based on DGH suggestions.

CAG questions gas price hike

The Comptroller and Auditor-General (CAG) has questioned the Petroleum and Natural Gas Ministry over the recent gas price hike and sought to know the steps taken to ensure that RIL-BP, the operators of KG-D6 block, delivers gas at pre-hike level of \$4.2 mBtu, which was part of the approved production plan. The CAG has sought to know why the ministry has not exercised its right to fix the price under Article 21.6.3 of the production sharing contract (PSC) for the KG-DWN-98/3 block.

ConocoPhillips leaves ONGC at deep end of the KG pool

US-based ConocoPhillips was reported to be reconsidering giving technology and equity support to ONGC's deepwater resources in KG Basin. ConocoPhillips and ONGC entered in to an MoU in March 2012. This backtracking was seen as a fallout of the continuing imbroglio over gas pricing in India besides an unreliable regulatory framework. The biggest casualty of ConocoPhillips decision could be ONGC's gas rich KG basin block which is said to hold about 4.85 TCF of gas reserves.

Singareni hikes power grade coal prices 15%

Singareni Collieries Company Limited (SCCL) has increased the prices of power grade coal (coal of G 6 to G 17 grades) by 15 per cent. The increase came into effect from September 12. The price increase has been confined only to the supplies to power generation companies that include APGENCO. Singareni expects to earn an additional Rs 300 crore for the remaining part of the current financial year from this hike. Of this, APGenco and NTPC are expected pay Rs 120 crore and Rs 80 crore respectively. The average increase in price is in the range of Rs 100-120 per tonne. The effective sale price of the above grades will now be in the range of Rs 1,000-1,200 at the company end but it will be as high as Rs 1,700 per tonne, including the royalties and taxes, at the consumer end.

DISTRIBUTION

State power utilities meet near full energy demand

AP DISCOMs were able to supply near full energy demand in Andhra Pradesh with the deficit being less than a million units per day as on September 11. The State utilities are able to supply 240.47 million units as against the demand of 241.12 MUs leaving a deficit of 0.65 MUs, according to a statement. During the same day last year, as against the demand of 256.93 MUs, supply was 209.34 MUs, leaving a deficit of 47.59 MUs.

OTHERS

UK, AP to join hands to conserve energy

Following a meeting of Sandip Verma, Minister for Energy and Climate Change, Government of UK, with P.K. Mohanty, Chief Secretary and Chairperson of State Energy Conservation Mission (SECM) the UK government had agreed to share the best practices in energy efficiency and energy conservation with the Government of Andhra Pradesh. Following this a high-level delegation of experts on energy and representatives of energy efficiency companies of the UK would be visiting the State to share the best practices in Class Comprehensive Demand Side Management (CDSM) which was implemented in the UK. The UK Government would be providing technical support and involving various prominent energy efficiency companies of the UK.

AP to adopt department-wise energy saving plans

The Andhra Pradesh Government has decided to adopt department-wise energy efficiency improvement plans to bring down power consumption where ever possible. The departments to be covered include of industries, agriculture, rural water supply, municipal administration and urban development, roads and buildings, Panchayat Raj. These departments have to implement energy-efficiency plans and submit comprehensive reports consisting of methodology and cost-benefit analysis.

V. Bhaskar takes over as Chairman of APERC

V. Bhaskar, former Special Chief Secretary, Finance Department, Government of AP has assumed charge as Chairman of Andhra Pradesh Electricity Regulatory Commission on 20th September.