

Power Sector in Andhra Pradesh and Telangana during September, 2015

POLICY

TSTRANSCO asked to supply power for water grid project

The panchayat raj and rural development (PR&RD) department of Government of Telangana asked Telangana Transco and electricity distribution companies to provide sufficient power to implement the water grid project meant for providing drinking water to every household in the state it. It is estimated that the project will require 200 MW of power.

The Panchayat raj and IT minister during a review meeting with energy officials asked them to lay the required power lines and set up sub-stations. During the first year work under this project will be completed under seven Assembly segments requiring 2 MW of power. The Panchayat raj department has to pay Rs 297 crore to the DISCOMs towards infrastructure facilities for getting power of which the government has already released Rs 100 crore.

Telangana government seeks Rs 25,000 crore World Bank aid for new projects

Telangana state government has sought over Rs 25,000 crore of loans from the World Bank for development projects which includes enhancing electricity generation capacity, particularly Yadadri Thermal Power project.

GENERATION

GMR Energy to generate power at two power plants in Andhra Pradesh

GMR Energy's gas-based power plants — GMR Vemagiri Power Generation Ltd. (370-MW) and GMR Rajahmundry Energy Ltd (768-MW), in Andhra Pradesh have been allocated gas following an electronic auction held on September 15 under the GoI's policy introduced to offer liquefied natural gas to get power plants without gas allocation previously to resume producing electricity. With this allocation of gas the two power plants with total combined electricity generation capacity of 1138 Megawatts, will start power generation for the next

six months from October, 2015 at equivalent to 50% Plant Load Factor (PLF) . The operations at these plants would continue until March 2016. Under the scheme the GoI would also “subsidize the power distribution companies to the extent of Rs 1.44 per unit from the PSDF for the power procured.

Lanco signs PPA with Andhra Pradesh, Telangana

Lanco Kondapalli has entered into power purchase agreements (PPAs) with electricity distribution companies of Telangana and Andhra Pradesh. The power purchase agreements are for a total of 1108 megawatt of power under the gas pooling mechanism for the period October 1 this year to March 31 next year at Rs. 4.70 per KWH. Combined with the support provided by the Government of India under the Power System Development Fund (PSDF) subsidy the realization per unit will be Rs 6.14 per kWh. This will help to operate plants at 50% plant load factor (PLF). Lanco Kondapalli’s combined cycle gas-based power project is being developed in three phases with a total capacity of 1,476 MW.

TPCIL begins full commercial operations in Krishnapatnam

Thermal Powertech Corporation India (TPCIL) has commenced full commercial operation, with the completion of its second and final 660-MW unit. The \$1.5-billion coal-fired power plant with a total capacity of 1,320 MW, had completed its first 660-MW unit in February earlier this year. The plant is already supplying 500 MW power to Andhra Pradesh and Telangana Power Distribution Companies, under a 25-year power purchase agreement.

NSM’s 500 MW Tender In Andhra Pradesh Oversubscribed 10 Times

India’s National Thermal Power Corporation had invited bids for 10 separate 50 MW solar PV projects under the Phase-II, Batch-II, Tranche-I of National Solar Mission in Andhra Pradesh, each of which are to be developed in the Ghani Solar Park, Kurnool District of the state. Bids were oversubscribed by 10 times. A total of 30 developers participated in the bidding. Six developers, SunEdison, Adani, Rattan India, Reliance, SoftBank and Energon, have bid for the entire 500 MW capacity.

NCC to divest in Nellore thermal plant

NCC, which is setting up a 1,320 MW thermal power plant near Nellore has decided to divest its stake in the project. The project is being implemented in partnership with Gayatri Projects Limited where the Singapore-based power company Sembcorp Industries has acquired 45 per cent stake. NCC is in the process of fully exiting the thermal power plant, which is expected to be in 2016. Following the problems faced by the Sompeta thermal power plant, NCC

bought out Nelcast proposed plant in Nellore and is executing the project. NCC now plans to focus on its core business of construction and therefore divesting its stake. The remaining stake could fetch about Rs. 200 crore. Post this divestment by NCC, the project will have Sembcorp and Gayatri as partners. Gayatri and Sembcorp are partners in Thermal Powertech, another 1,320 MW thermal plant in Nellore, which was commissioned recently.

Chinese firm Xi'an LONGi to set up solar module and cell manufacturing plant in AP

Chinese solar power module and cell manufacturer Xi'an LONGi Silicon Materials Corporation signed a memorandum of understanding with GoAP to build a \$250 million (around Rs. 1,600 crore) manufacturing plant in Andhra Pradesh. Xi'an LONGi will invest the money as part of the first phase of investment in the proposed Rs. 8,000-crore plant. The company will initially employ 1,000 people to produce 1,000 MW of solar cells annually and 1,000 MW of solar modules annually. LONGi's plant will come up in Sri City, Andhra Pradesh.

The AP State targets to have 9,000-10,000 MW of solar power capacity by 2022. The 2,500 MW solar park is coming up in the State. Work has started on 250 MW. A further 2,000 MW is under tendering and will be awarded shortly.

Solar Power Developers in Telangana directed to finish projects in time

TSDISCOMs directed the successful bidders of competitive bidding in 2012 and open offer of 2013 to complete their projects in time keeping with the agreements. Out of total capacity of 390 MW until now units with total capacity of 80 MW is already connected to the grid and developers of the remaining 310 MW were asked to stick to the deadlines.

Telangana to get 1,000 MW from Chhattisgarh

HYDERABAD: The Telangana DISCOMs have entered into a power purchase agreement (PPA) with the Chhattisgarh Power Distribution Company (CPDC) for getting 1,000 MW. The agreement will be in operation for the next 12 years.

Low hydel generation in Telangana

Following less than normal rainfall by the Meteorological Department and combined with low water levels in reservoirs TSGENCO is not anticipating any improvement in hydel power generation during this financial year. During the present financial year until now 29 MU of power was generated compared to 1,120 MU during the same period last year.

Rains during first half of this month led to some improvement in situation. From a hopeless situation with the reservoirs of Srisaïlam and Nagarjunasagar on the river Krishna hitting dead storage levels, the rains in the past few days have shored up the water level in Srisaïlam reservoir. There are hopes that the water level could go up further.

Keeping in mind poor inflows, and low levels in both the reservoirs, the Krishna river management board had directed that the water would only be supplied for drinking and not for agriculture. However, rains in the past few days both within the State and also in the catchment areas of rivers in the neighbouring states have raised hopes.

The water level in Srisaïlam dam has gone up from dead storage level of 794 ft to 839 feet as against full reservoir level of 885 feet. The water storage has also gone up to 61 TMC and the current flows have been about 27,600 cusecs. There has been some hydel power generation from Srisaïlam dam resulting in letting out about 4,000 cusecs into Nagarjunasagar downstream.

Other major reservoirs on Krishna in neighbouring States of Karnataka Alamatti, Narayanpur, Thungabhadra too are close to their full reservoir levels (FRL). Any additional flows would be beneficial to Srisaïlam dam. The Alamatti dam has water of 1689.44 ft as against FRL of 1705 ft, Narayanpur has 1614.3 feet as against FRL of 1615 ft, Thungabhadra has water at 1625.24 ft as against FRL of 1633 ft and at Jurala it is at 1043.31 ft as against 1045 ft FRL.

The water level in Godavari river network in Telangana has also improved at Kadem, Lower Manair, Nizamsagar and Sriramsagar dams in the past few days

FUELS

Natural gas price slashed by 16% to \$4.24/unit

Domestically produced natural gas price will be at \$4.24 a unit on net value for the next six months (October 2015 to March 2016) following the new pricing mechanism. This is lower than the price under the previous administered price mechanism, \$4.66 a unit.

According to a GoI notification the revised price will be \$3.82 per million British thermal units (mBtu) on a gross calorific value basis (or \$4.24 a unit on net). This is the third revision since the gas price was deregulated in November 2014.

Andhra Pradesh to get east coast's 1st floating LNG terminal

The AP Gas Development Corporation, Gas Authority of India, GDF Suez and Shell signed two MoUs to set up a floating Liquid Natural Gas (LNG) terminal at Kakinada deep water port. This will be the first LNG terminal in the east coast will come up in Andhra Pradesh.

The first MoU set up a terminal company between APGDC, GDF Suez and Shell. The APGDC, a joint venture company of AP government and GAIL, GDF Suez and Shell will have 48%, 26% and 26% equity in the project respectively. The second MoU is to set up a trading company and covers both the sourcing of LNG and the marketing of the regasified LNG from the terminal. GAIL, GDF Suez and Shell will have 48%, 26% and 26% equity in the trading company, respectively. Costing about Rs 1800 crore, the facility is expected to be ready in the next 18 months.

Natural gas production up 3.6% in August

Domestic natural gas production in the country increased in August by 3.66 per cent to 2.836 billion cubic metres (bcm). During the same period last year, the production was 2.736 bcm. The major contributor to the increase was a 5.27 per cent growth in ONGC's domestic gas production. The company produced 1.855 bcm in the month compared with 1.762 bcm in corresponding year-ago period. ONGC's major improvement was from its eastern offshore fields where production increased to 21 million cubic metres from 1.309 million cubic metres in the same month last year.

Fresh drilling at KG-D6 gives encouraging results

Positive results have emerged in fresh drilling at the D1 and D3 fields in the KG-D6 block operated by RIL and its partners. The newly drilled well has shown gas production to the tune of 0.56 million metric standard cubic metre per day (mmscmd). Currently, the production at the KG-D6 block is hovering around a dismal 11 mmscmd, which includes around 4-5 mmscmd from MA (smaller) fields and remaining from D1 and D3 fields. With the help of two booster compressor pumps commissioned recently RIL is also reported to be trying to revive some wells to maintain the current production levels.

Singareni Collieries staff to get 21% of profit as incentive

The Telangana Chief Minister directed Singareni Collieries Company Ltd, management to share 21 per cent of the profit with the employees as a special incentive. This would mean that out of the Rs. 491-crore profit the company has earned in 2014-15, Rs. 103.11 crore (21 per cent) would be earmarked for staff as a special incentive. Prior to 2013-14 in the combined State of Andhra Pradesh, the incentive was fixed at 18 per cent. After the TRS Government assumed office, for 2013-14, the special incentive was hiked to 20 per cent and further hiked to 21 per cent for 2014-15.

The state government also agreed to do away with the practice of collection of professional tax. About Rs. 15 crore is collected as profession tax from the Singareni staff per year.

Singareni Collieries records high coal output

Singareni Collieries Co Ltd (SCCL) has produced 25.2 million tonnes of coal up to September 17 during this financial year compared to 18.88 mt in the corresponding period last year. It supplied 26.35 mt of coal to its consumers during the same period compared to (22.85 mt) during last year for the same period. SCCL targets to produce 60 mt in 2015-16.

TRANSMISSION

REC to extend Rs. 9,000-cr loan to AP power utilities

Rural Electrification Corporation Ltd and APTRANSCO have entered in to a Rs.9,000-crore loan agreement for setting up of a 500-MW solar park costing Rs. 3,000-crore by APGENCO in Anantapur district and Rs. 6,000 crore towards strengthening the transmission and distribution network. The Rs. 6,000-crore loan for strengthening the T&D network in the State, includes the Capital Region area in Guntur and Krishna districts. The Transmission infrastructure projects include underground cabling, gas insulated sub-stations, transmission and sub-transmission system improvement.

OTHERS

AP and Telangana DISCOMs get poor ratings

Telangana and AP DISCOMs have received moderate ratings on their operational and financial performance capabilities in the Third Integrated Ratings for Power Distribution Utilities that is expected to affect their ability to raise monies. The Northern Power Distribution Company of Telangana was ranked below average on its operational and financial performance. This will impact their ability to raise funds from financial institutions.

The Southern Power Distribution Company Limited of Telangana (TSSPDCL), Southern Power Distribution Company of Andhra Pradesh (APSPDCL) and Eastern Power Distribution Company of AP have been ranked B+ (moderate operational and financial performance capability). The TSNPDCL was ranked B (below average performance).