

# **Power Sector in Andhra Pradesh and Telangana during September, 2016**

## **POLICY**

### **Andhra Pradesh proposes 25% Renewable Energy Share By 2022**

The Andhra Pradesh Electricity Regulatory Commission (APERC) through a draft regulation has proposed to increase the share of renewable energy in its electricity procurement (excluding hydro power) to 25.25% by March 2022.

For non-solar renewable energy technologies APERC has proposed a target of 12.50% by March 2022. The commission has also proposed to increase the solar power share from 4.75% in 2017-18 to 12.75% in 2021-22.

## **GENERATION**

### **Lanco's Kondapally plant to get gas supply**

Lanco's Kondapally plant is one of the nine stranded gas-based power generation plants in the country, which were selected for gas supply through competitive reverse e-auction process. It is allocated 3.11 MSCMD during September 2016 – March 2017 and will be able to generate 2.8 billion units of power during this period.

Along with Lanco GMR Vemagiri Power Generation secured 1.03 MSCMD of gas. GVK Industries is allocated 0.63 MSCMD of gas.

### **Yadadri plant in Telangana yet to get clearances**

The Union ministry of environment and forests deferred forest clearance for Yadadri thermal power plant in Telangana because of the state government's casual approach to preparation of EIA reports. The Expert Appraisal Committee, which went through the reports submitted by the Telangana government highlighted plagiarism and copy paste of information from other sources.

## **FUEL**

### **Cairn to invest \$150m on 10 exploratory wells in KG basin**

Cairn India obtained approval from an Expert Appraisal Committee (EAC) under the Ministry of Environment, Forests and Climate Change for taking up exploratory and appraisal drilling of ten wells in Palar block at the coast in Nellore district Andhra Pradesh with an investment outlay of \$150 million. Further this will be subject to the terms and conditions stipulated by the APCZMA (Andhra Pradesh State Coastal Zone Management Authority). Cairn India will take up three wells in the first phase, starting early next year.

The project was granted environmental clearance in 2011. The PR-OSN-2004/1 block has been awarded by the government during NELP-VI licensing round in 2007 for hydrocarbon exploration. Total area of the block is 9,416.54 sq km, out of which approx 4,000 sq km has been declared as no-go area as restriction on drilling activity has been imposed by the Department of Space, due to presence of Shri Harikota Satellite Launch Centre along the western block boundary.

### **Natural gas price to come down by 18%**

The price of natural gas may be brought down by about 18%. This is in response to fall to less than \$2.5 per million British thermal units for October through March from \$3.06 currently.

### **GSPC to spin-off KG Basin block into new company**

The GSPC is planning to hive off its deep-water block (KG-OSN-2001/3) in the Krishna-Godavari (KG) Basin into a separate company in the background of its planned sale of majority stake in the hydrocarbon project to the Centre-owned ONGC. While the de-merger is expected to facilitate tax neutrality for GSPC, ONGC may benefit from deduction on all exploration and drilling expenditure incurred by GSPC in the block. These two companies are reported to be working towards making the de-merger and the acquisition comply with Section 2(19AA) and Section 42 of the Income Tax Act.

Section 42 of the I-T Act allows an exploration and production (E&P) company to claim tax deduction of specified exploration and drilling expenditure incurred. The E&P company may treat this expenditure as capital work in progress to the extent remaining unclaimed because of shortage of income. Because of tax provisions neither the de-merged company nor the resulting company becomes taxable for the transferred business. All the assets and liabilities relating to the de-merged business are transferred to the resulting company at its book value. The unclaimed expenses of the de-merged company under Section 42 relating to the E&P business gets rolled to the new company, which can utilise it in the same manner as the de-merged company (GSPC), had the de-merger not taken place.

GSPC has spent Rs 14,641.92 crore exceeding the field development plan target of Rs 13,122.46 crore, to develop single field of the block — Deen Dayal West (DDW). For the entire block, which has other prolific areas such as the DDW Extension and Six Discoveries, an expense of Rs 19,576 crore has been incurred till March 2015. Currently, the output from the block, which is under ‘test-production’, is hovering less than 0.5 million metric standard cubic metres per day.

ONGC has engaged Houston-based Ryder Scott to ‘independently’ review the reserves estimates in the 1,850 sq km block in the Bay of Bengal after it found that the actual hydrocarbon that could be taken out is far less than the presumed 7.6 trillion cubic feet. The valuation of the deal, earlier pegged around \$1.5 billion, would depend on the actual recoverable reserves.

### **Unjust gains to RIL: AP Shah Committee**

The AP Shah Committee which went in to the dispute over migration of gas from ONGC's blocks to RIL's block in KG basin noted that RIL made "unjust" gains by pumping natural gas that flowed from ONGC's adjoining block in the Krishna-Godavari basin. Between April 1, 2009 and March 31, 2015, as much as 11.122 billion cubic meters of gas migrated from ONGC's Godavari-PML and KGDWN-98/2 blocks to adjoining KG-D6 that are in RIL's control. At current prices, this gas would be worth around Rs 11,000 crore.

### **Coal linkages delay NTPC's project in AP**

The NTPC is facing delays in initiating works related to 4000MW thermal power project in Andhra Pradesh due to fuel linkage issues. Though the state government of AP has already allocated 1,200 acres of land for the Lalamkoduru Super Thermal Power Project issues related to fuel are delaying it. The central government wants NTPC to use domestic coal and the NTPC is awaiting fuel linkages for the project. This plant was planned on imported coal. NTPC requires high grade coal mine allocation, as generally in domestic coal the ash content is high at around 35-40%.

### **High Court stays Singareni land acquisition in Adilabad district**

In response to e petition filed by Kurusinga Atchuta Rao and four other farmers of Kasipet village near Mandamarri of Adilabad district against land acquisition process initiated by the government to enable Singareni Collieries set up its open-cast mine in an area of 175 acres Justice Suresh Kumar Kait of Hyderabad High Court passed an interim order staying land acquisition. The farmers contended that the acquisition was in violation of the Fifth Schedule of the Constitution, and flouted the provisions of the Acts that prevent transfer of ownership of land in Scheduled areas. The grama sabha was not consulted, approval from the tribal advisory council was not obtained and the people were not adequately briefed about the impact on environment of open-cast mining.

## **DISTRIBUTION**

### **World Bank loan for underground power cable project in AP**

The World Bank will be providing Rs. 2,500 crore as loan for improving power distribution infrastructure in the State. Out of this Rs. 700 crore will be spent for laying underground power cables in Visakhapatnam city. This work is expected to be completed by March 2018.

### **Andhra Pradesh achieves 100% electrification**

Andhra Pradesh along with Gujarat and Punjab became the only states to achieve 100 per cent electrification in the country. AP achieved the target by the end of June with power connections being given to pending 2.09 lakh households in some remote habitations of the state.

After bifurcation of the state's in June 2014 about 8 lakh households were without power connections. Andhra Pradesh embarked on a massive electrification mission to provide power to all the villages and remote habitats in all the districts. The GoAP received financial support to the tune of Rs. 400 crore from the Centre under Deen Dayal Upadhyaya Gram Jyothi Yojana for rural electrification in August 2015.

Where it was not possible to give connections conventionally solar plants were set up. This was done in remote tribal areas of East Godavari, and Vizag district like Paderu and Aaruku Valley.

## **GENERAL**

### **GHMC worker electrocuted due to hanging live wire**

A contract sweeper of GHMC Hymavati, 32, of NBT Nagar in Banjara Hills got electrocuted when she accidentally came in contact with a snapped live wire near HMWS&SB water filling station at Banjara Hills in Hyderabad on 11th September. Hymavati was walking on the footpath near the HMWS&SB office and a snapped electric wire came in contact with her face. She died on the spot. The incident took place on Road Number 7, Banjara Hills, and hundreds of people use the stretch for morning walk every day. Though such incidents were happening at regular intervals in the city civic authorities and the TSSPDCL have not done anything to prevent such accidents.

### **New Vidyut Ombudsman for AP**

The Andhra Pradesh Electricity Regulatory Commission (APERC) has appointed a retired district judge Naladala Basavaiah as Vidyut Ombudsman for a period of three years. The ombudsman will hold office for three years from the date of taking charge or till he attains the age of 68 years, whichever is earlier.