

TECA - NEWS CLIPPING

(Energy Conservation : It Doesn't Cost. It saves)

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Power demand crosses 15,000 MW in T.N.

The Hindu: April 21, 2016

Even before the peak summer of 'Kathiri' began, electricity demand in the State hit an all-time high at 15,191 MW at 6.50 p.m. on Wednesday.

The previous all-time high demand was registered at 14,969 MW on April 15. This year has been hectic for power managers with all-time high demand crossing the 14,000-MW mark in the past three months. The last recorded peak demand was 13,775 MW on June 24, 2014.

An official of Tangedco said the record demand was because of various load factors, including air conditioners and agricultural pump sets.

"Normally at this time of the year, agricultural load would be less but with ground water available in plenty, electricity supply for pump sets are being maintained on an average of 14 to 16 hours per day," he said.

Data available in the State Load Despatch Centre show all power plants, including hydro, thermal, wind and solar, have been running to full capacity. The official said Tangedco's thermal stations are almost generating 4,200 MW every day operating at more than 90 per cent plant capacity along with the Central generating thermal stations. Helping with meeting the electricity demand are hydro stations pumping more than 1,000 MW, wind units producing 800 MW and solar units generating 500 MW a day.

Officials pointed out that the long-and medium-term power purchases have helped Tangedco to maintain uninterrupted power supply.

When asked whether the electricity demand would rise further in the coming months, officials said the demand has almost stabilised around 15,000 MW and that they do not foresee the maximum demand crossing the mark.

Previous all-time high demand was registered at 14,969 MW on April 15

High industrial tariff forces buyers to purchase power through open access

Business Standard: April 20, 2016

FOR study shows tariff structure is too complex and lack transparency

A comprehensive study recently done by the Forum of Regulators (FOR) on India's present power sector says in several states tariff structure is too complex and lack transparency. Tariffs are non-cost reflective. Each consumer category is further split into many sub-categories and such structure is preventing the consumers from responding to tariff signals. Across various states, the industrial tariff has been high coupled with low-quality of supply. FOR is a representative body of the Central Electricity Regulatory Commission and the state electricity regulatory commissions.

Between 2006-07 and 2014-15, electricity procurement from utilities grew by 4.6% annually, which is lower than the 9.3% growth in captive power generation.

The analysis brought out that for various states, at the current level of transmission and distribution (T&D) losses, the average tariffs are less than the average cost of supply. Even with T&D losses considered at 10%, the average tariff in respect of several states would be

less than average cost of supply," an FOR member, who did not want to be identified, told *Business Standard*. "Further, a detailed analysis across nations on parameters of GDP, tariff level and quality of supply indicates that India stands low on per capita GDP, high on industrial tariff and low on quality of supply."

He said as industrial sector contributes significantly to the GDP, further increase in industrial tariff, cross subsidy surcharge would negatively impact the GDP.

Price barriers such as high industrial tariff, high cross subsidy surcharge and non-price barriers such as low quality and erratic supply, ease of procuring power through open access has led to a shift to captive generation. As the industrial tariff crosses the limit of Rs 6 per unit, the consumers tend to move towards power procurement through open access.

FOR study shows that cross subsidy surcharges (CSS) across states varies across states and in some cases as high as Rs 3.42 per unit. As the industrial tariff crosses the limit of Rs 6 per unit, the consumers tend to move towards power procurement through Open Access. "These barriers by states have not only resulted in making open access a non-starter, but are also causing serious impediments to the "Make in India" vision of the Government," FOR says in its study.

FOR has recommended transparency & simplicity in retail electricity tariffs structure. It has cited one price in other commodities like diesel and petrol. According to FOR, too many categories and sub-Categories in electricity tariffs, makes it prone to leakages and therefore emphasized the need for cost reflective tariffs necessary for the recovery of cash strapped distribution companies.

Panel suggests 15-point action plan to link renewable energy to electricity grid

Business Line: April 18, 2016

A technical committee on Large Scale Integration of Renewable has suggested a 15-point Action Plan for facilitating large-scale integration of renewables in the country, in a secure and reliable manner.

The Committee constituted by the Ministry of Power has recommended measures such as bringing flexibility in conventional power generation, frequency control, generation reserves and other such measures to integrate renewable energy into the national electricity grid.

While some of the actions have been completed with active support of Central Electricity Regulatory Commission, State Energy Regulatory Commission (SERC), National Institute Wind Energy and other stake holders, there are a few which are still pending include Regulatory Framework for Forecasting, Scheduling and Imbalance Settlement for Renewable Energy (RE) generators at 23 States.

Only six States so far have issued the regulations.

"The initiative undertaken by the committee would not only lead to smooth and secure grid operation with large scale integration of renewable but is also environment friendly and would help in fulfilling our commitment to green and clean environment. It would reduce the carbon foot print and help in meeting our commitment towards reduction in carbon emission," said Piyush Goyal, Minister of State for Power, Coal, New & Renewable Energy.

"Our team will now take up 'one nation, one grid, one price' on a mission mode," he said.

India has a target of setting up 175,000 MW of renewable energy generation capacity by 2022.

To ensure that this is integrated into the national electricity grid, several measures need to be taken. It is with this purpose that a high level technical committee was constituted with

members from Ministry for Power, CERC, Central Electricity Authority, Power Grid Corporation of India, several private bodies and representatives from renewable energy rich States, Goyal said.

CEA as Planners would specify Technical Standards and Protection Requirements for Renewables. Focus has also been given on Capacity Building of State Load Despatch Centres (SLDCs) particularly in RE Rich States.

Report also talks about the Newer Technologies say Micro-Grids, Demand Response, Prosumers (consumers and producers), Electricity Storage, Plug-in Hybrid Electric Vehicles etc.

Revival of state PSUs, discoms crucial to sustain financial health: RBI

Business Standard: April 16, 2016

RBI report says 30% of state-level public enterprises are incurring losses, and are adversely impacting state finances

Commending state governments for improving the quality of expenditure, the Reserve Bank of India (RBI) said the revival of public sector units and enhancing viability of power distribution companies (Discoms) are key to sustaining healthy finances.

The quality of expenditure of most states has been improving following the enactment of fiscal responsibility legislation, according to an analysis of Budget proposals for 2015-16. RBI said the states need to prioritise expenditure on physical and social infrastructure and economise on non-essential heads.

The RBI study, *State Finances: A Study of Budgets*, has analysed the fiscal position of state governments and focuses on the theme Quality of Sub-national Public Expenditure.

RBI said states and the Centre play equally important roles in securing overall fiscal consolidation. They are doing it through efforts to optimise revenue while allocating expenditure in the most productive manner.

Ensuring profitability of state-level public enterprises (SLPEs) and improving the viability of debt-ridden state power distribution companies would go a long way in boosting non-tax revenues.

There are 849 operating SLPEs in India with about 1.8 million employees. Major sectors of operation of SLPEs are manufacturing, finance, power, infrastructure, agriculture and allied services, RBI said.

SLPEs are expected to be financially viable and generate surpluses for providing dividend pay-outs to the state governments. Over the years, however, some of them have degenerated into loss-making entities or at best, low profit earners.

On an average, around 30 per cent of total SLPEs are estimated to be incurring losses. This has adverse fiscal consequences since loss-making SLPEs depend on budgetary support, adversely impacting state finances instead of bolstering them, RBI added.

Referring to power sector in India, the central bank said there has been an expansion in capacity generation, private sector participation, electricity markets and restructuring of state electricity boards (SEBs). Yet, distribution and retail supply remain the weakest link in the entire value chain.

The central government announced Ujwal Discom Assurance Yojana (UDAY) in November 2015 to effect a turnaround in the financial viability of state-owned discoms and improve operational efficiency, RBI said. The aggregate technical and commercial (AT&C) losses

have remained high. The overall AT&C losses moderated from 26.4 per cent in 2010-11 to 22.7 per cent in 2013-14, but they are still at an elevated level.

In this context, discom-wise AT&C loss reduction trajectories have been finalised in consultation with all state governments in June 2015.

STEPS TO SUCCESS

- States need to prioritise expenditure on physical & social infrastructure and economise on non-essential heads
- Ensuring profitability of state-level public enterprises and improving the viability of debt-ridden state discoms would boost non-tax revenues

Centre to set higher clean energy purchase target for discoms

Live Mint: April 16, 2016

With some states expressing dissent on the issue, the central government is preparing separate targets for different groups of states

The central government, which has mandated state power utilities to compulsorily buy solar power to help create a market for it, will in a fortnight set a higher purchase obligation for the next six years to encourage investments in the targeted 100 gigawatt (GW) of solar generation capacity.

With some states expressing dissent on the issue, the central government is preparing separate targets for different groups of states.

At a meeting of central and state officials on Wednesday to review the progress of power projects, the ministry of new and renewable energy (MNRE) sought suggestions from states for raising the renewable power purchase obligation of power distributors from 8% of all their purchases now to about 17% over the next few years.

The final trajectory for compulsory purchase of renewable power, excluding hydropower, will be announced in a fortnight after taking into account states' views, a senior official of the ministry said on condition of anonymity.

Hydropower-rich Himachal Pradesh sought a thorough discussion on the concept of compulsory purchase of clean energy, which is costlier than other sources of power.

"We would like to have a dialogue on the concept of renewable power obligation. We have surplus hydropower, which is a major source of revenue for the state. We are getting not more than Rs.2.5-3 a unit for the hydropower that we sell. But because of the renewable power purchase obligation, we are buying electricity at Rs.5-7 a unit. This onerous task of buying at a higher rate, which is set to progressively go up, severely dents the bottom line of our distribution companies and affects state revenue," said an official from Himachal Pradesh government on condition of anonymity.

Higher trajectory for compulsory clean energy purchase will be proposed for at least three different groupings of states and will be implemented over the next few years till 2022.

States that have expressed willingness to set up and consume more of renewable energy are likely to be given a higher target. The compulsory purchase obligation is primarily for solar and wind power as the requirement does not cover hydropower.

Use of government policy as a tool to encourage more consumption of renewable power comes at a time when the declining tariff for solar power in recent competitive bids appears to have bottomed out.



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On Tuesday, six companies won bids to set up solar power projects of 500 megawatts (MW) at a solar park in Karnataka, quoting tariffs in the range of Rs.4.78-4.80 per unit, 10% higher than the tariff at which Fortum Oyj of Finland had won a 70 MW plant in NTPC Ltd's Jodhpur solar park in Rajasthan in January, the lowest tariff yet in India.

While some industry executives say solar power projects are being won at unsustainable and aggressively low prices, others maintain that the power-sale tariff at which companies win projects is a function of a host of variables that differ from project to project.

"Investors having access to low cost funds and are in a position to negotiate well with equipment suppliers will have a cost advantage. Having infrastructure facilities readily available for a project will also help in quoting a competitive tariff," said Ashok Haldia, managing director and chief executive officer of PTC India Financial Services, an arm of Power Trading Corp. of India Ltd.

India has set a target of generating 175 GW of renewable energy capacity by 2022 which includes 100 GW from solar, 60 GW from wind, 10 GW from bio-power and 5 GW from small hydropower projects.

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