Free power to benefit 1.90 cr consumers

The Hindu: May 24, 2016

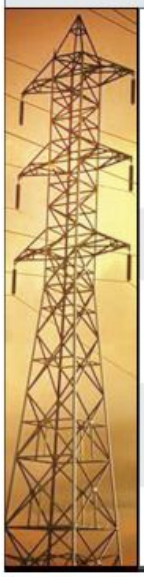
Soon after assuming office, Chief Minister Jayalalithaa made good one of her key promises made during the election campaign—provision of 100 units of power for all domestic consumers in the State.

It is estimated that the State government would have to pay an additional subsidy of Rs. 1,609 crore to Tangedco.

While 78.55 lakh consumers would not have to pay any electricity bill at all under the scheme, 55.36 lakh consumers in the 200-units slab would make a saving of Rs. 150 in the bimonthly bill; those falling in the 201-500 units slab numbering 49.66 lakh would save Rs. 200 and more than 7.30 lakh consumers consuming above 500 units would save about Rs. 350.

MORE POWER TO THE CONSUMER

A quick glance at how much a household will get to save (in Rs.)



Current slabs Consumers using	Units consumed	Amt payable as per old tariff	Amount payable under Free 100 units scheme
1-100 units: 78.55 lakhs	**100 (100x1+20 FC)**	120	Nil
1-200 units: 55.36 lakhs	**201 units**		
	200xRs.2 = 400		100xRs.2 = 200 (100 units free)
	1xRs.3 = 3		1xRs.3 = 3
201 - 500 units: 49.66 lakhs	FC = 30	433	FC = 30 = **233**
	501 units		
	200xRs.3.50 = 700		100xRs.3.50 = 350
Above 500 units: 7.30 lakhs	300xRs.4.60 = 1,380		300xRs.4.60 = 1,380
	1xRs.6.60 = 6.60		1xRs.6.60 = 6.60
Total: 1.90 crore	FC = 50	2,136.60	FC = 50 = **1,786.60**

FC - Fixed charges; Source: Tangedco

For instance, if a consumer has used 201 units, as per the old rates, the electricity charge would be Rs. 433 (200 units x Rs. 2 + 1 unit x Rs. 3 + Rs. 30 fixed charge). However, now, he has to pay only Rs. 233 for 101 units (100 units x Rs. 2 + 1 unit x Rs. 3 + Rs. 30 fixed charge). Similarly, if a consumer uses 501 units bimonthly, his bill as per old tariff would be Rs. 2,136.60; but now, he has to pay Rs. 1,786.60 for 401 units after deducting 100 free units (100 units x Rs. 3.50 + 300 units x Rs. 4.60 + 1 unit x Rs. 6.60 + Rs. 50 fixed charge).

The Chief Minister also signed an order providing 200 units of free electricity to handloom weavers and 750 units of power for powerloom weavers.

Regulators launch study to simplify power tariffs

Business Standard: May 24, 2016

Industry experts bat for open access, cut in cross-subsidy

Power regulators have launched an internal study to look into various options of designing 'progressivity' in tariffs. The trigger is the mismatch between the average tariff and cost of supply, barriers put up by states in providing open access, and high subsidy and cross subsidy.

A forum of regulators member told Business Standard that in several states, tariff structure is too complex. Each consumer category is further split into many sub-categories and such structure is preventing the consumers from responding to tariff signals. "Some electricity regulatory commissions (ERCs) have already introduced some degree of progressivity in the tariff setting. However, the actual degree of change in behaviour based on price signals given is yet to be looked into," he said.

He explained that progressivity in power tariff rates means an increase in tariff with a higher consumption level, which helps in tariff reduction for those who are at the bottom of society.

Some ERCs are looking into an option of reduction in the several slabs within the domestic category to three slabs comprising 1-50 units, 51-100 units and 101 units and above. Such tariff structure would obviate the need for passing on the deficit between the average cost of supply and average tariff of domestic consumer category to other categories of consumers.

V Raja, former chairman of Maharashtra Electricity Regulatory Commission, said: "Competition critically is good destination to reach but that can take place only through open access. As far as designing progressive tariff for domestic consumers is concerned, it can be done through creation of balancing fund, which can be maintained at the level of power regulators."

He suggested the government would have to continue to provide subsidy for low-end consumers (those in the 0-100 unit category) and this will differ from state to state. The fine-tuning can be done by the regulators.

According to Raja, in case of agriculture tariff, the regulators can consider higher tariff for cash crops and lower for non-cash crops.

According to Deloitte Touche Tohmatsu India's Partner (Consulting) Debasish Mishra, despite the intention set out in the Electricity Act 2003 on progressive reduction of cross-subsidy, industrial, commercial and high-end residential consumers pay much higher tariffs than the cost to service them. "The quantum of subsidy and cross-subsidy that is needed for rural, residential and agriculture segment would only increase in the near future with rising universal access. This can only come from efficiency gains on the cost side such as lower transmission and distribution losses and lower fuel cost, as the tariffs in the subsidising categories cannot go up any more."

Maharashtra plans cheaper power to lure units to poorer regions

Business Standard:May 25, 2016

Estimates annual burden of Rs 1,100 cr towards subsidy; funding via non-Plan allocation, higher power duty on sale from captive plants

The Maharashtra government plans to provide relief inindustrial tariff for new investments in under-developed Vidarbha, Marathwada and North Maharashtra.

This comes close on the heels of Power Minister Piyush Goyal's announcing the Centre was working on a model of cheap power at a fixed long-term rates for industry. Several industry bodies had cited higher industrial tariff as a major roadblock.

The Maharashtra government wants tariff to be fixed at Rs 4.25-4.50, from Rs 6-6.50 a unit now, to compete with Chhattisgarh, Madhya Pradesh, Andhra Pradesh, Gujarat and Telangana, among others. The concession proposed in transmission charges are 19 paise a unit for industrial units in Vidarbha, 14 paise in Marathwada and 9 paise in North Maharashtra.

POWER PUNCH

- The state government wants tariff fixed at Rs 4.25-4.50, from Rs 6-6.50 a unit now, to compete with Chhattisgarh, Madhya Pradesh, Andhra Pradesh, Gujarat and Telangana
- The concession proposed in transmission charges are 19 paise a unit for industrial units in Vidarbha, 14 paise in Marathwada and 9 paise in North Maharashtra

Fuel adjustment cost, 90 paise now, would be brought down to 30 paise in Marathwada, 40 paise inVidarbha and 20 paise in North Maharashtra.

Industrial units would be entitled to a tax relief of 9.04 paise a unit on sale of electricity. Industry tariffffrom 10 pm to 6 am would be lowered by Rs 1 in these regions.

A senior officer told Business Standard, "The government has estimated that it will have to bear an additional annual burden of Rs 1,100 crore towards subsidy to be given to the state distribution utility, MahaVitaran. The subsidy will be provided through non-Plan allocation. The projected outgo for subsidy has been projected at Rs 3,300 crore. The state Cabinet will soon give its approval."

The government would increase electricity duty on sale of power from captive plants to ease the burden. It has already revised electricity duty to Rs 1.20 a unit from 30 paise, he added.

The government also plans to impost electricity duty on power purchases, especially by industrial units through open access transactions.

The government hopes to mobilise Rs 800 crore annually through this route.

Stop outages or face licence cancellation: Delhi government to discoms

The Economic Times: May 24, 2016

In a stern warning to the discoms , Delhi government today said it will not hesitate to consider "cancelling" their licenses if they fail to improve the power situation in the city which has been hit by a spate of outages of late.

The message was conveyed by Chief Minister Arvind Kejriwal in a meeting that was attended by representatives of the private distribution companies BSES , Tata Power (TPDDL) and also the chairman of Delhi Electricity Regulatory Commission (DERC) .. Power Minister Satyendra Jain said the policy on getting consumers compensated for

unscheduled black outs will be implemented within a week and that DERC (Delhi Electricity Regulatory Commission) will issue a notification in this regard.

"The CM has given them (discoms) a week's time to take corrective measures while making it clear that strict action will be taken otherwise. We will not hesitate to consider cancelling their licenses.

"There's no shortage of power in the city but the outages are due to local faults. The compensation formula will be implemented within a week. DERC will notify this within a week. Discoms will decide how to implement it," Jain told reporters
A senior government official said the discoms could not offer a "single explanation" behind the outages despite there being no shortage of power in the national capital.

"The government has categorically asked them to set their house in order as people of Delhi will not suffer for the efficiency on their part," the official said.

Delhi's power demand hit an all-time peak of 6,188 MW on May 20, which is expected to rise by the month of July. Today's peak load was relatively low at 4,834 MW, as the weather has slightly cooled down due to yesterday's rain.

Gauging the transparency of a power supplier: Vandana Gombar

Business Standard: May 26, 2016

A big shift took place in Japan's electricity market on April 1: the retail electricity market was "liberalised", allowing residential consumers to choose their power supplier for the first time. Almost 820,000 chose to switch their power supplier in the first five weeks after the move was allowed. The top two utilities saw the highest churn: Tokyo Electric Power Company (Tepco) lost about two per cent of its 29 million customers, while the client count at Kansai Electric was down 1.4 per cent.

In the UK, the ability to switch power supplier has been there, but the process was so onerous that the government stepped in to make it easier for customers to switch and save money. This was done by asking energy suppliers to make the tariffs clearer, and by funding a helpline for offering switching advice. Energy rate comparison sites often cite accreditation from the local regulator, Ofgem.

Both these examples show how governments and regulators are working to squeeze efficiencies out of a system that was historically considered a natural monopoly. In the rest of the world too, utilities are finding that they need to offer a compelling proposition to keep their customers, and customers are finding a voice.

In India, the option of choosing an electricity supplier is mainly available to the large customer. And the utilities are not too friendly to them either. The latest Economic Survey (February 2016) shared excerpts from the tariff schedule of a typical state in the country. The mishmash of about 100 tariff rates for different categories would test the patience of any user. A recent copy of a residential bill from the Dakshin Haryana Bijli Vitran Nigam shows 15 broad categories subdivided into 40 sub-categories, listing separate tariffs and fixed charges. Paradoxically, there are higher tariffs for disincentivising consumption for one category of clients (domestic users) and incentives for consuming for another category (industrial users).

"There are separate tariffs for poultry farms, pisciculture, wetland farms (above and below a certain size), mushroom and rabbit farms, etc," the Survey noted, and made a case for simplification of tariffs, with no more than two or three categories. Isn't there a bigger case for transparency in the power bill? Wouldn't consumers like to know where the power is procured from, and to what extent it is green?

Japan's Ministry of Economy, Trade and Industry issued guidelines for electricity retailers back in January, which are worthy of emulation. It said that retailers should:

i) clearly disclose annual electricity generation mix and associated emissions;

ii) disclose to the consumer if they are selling electricity procured under the feed-in tariff programme;

iii) disclose their supply plan;

iv) disclose the location of power plants they are buying from;

v) in case of blackouts with known causes, disclose and handle customer queries.

In the UK, two electricity retailers -Good Energy and Ecotricity - are vying for the title of the "greenest energy supplier", in a bid to woo customers.

There would be some consumers in India willing to pay a premium for green power, except that the green power would be cheaper than the diesel-generator power that a section of the population currently uses. Estimates of the capacity of diesel power vary but, assuming that it is 100,000 megawatts, that is a whopping 100,000 megawatts of additional opportunity for renewables.

Perhaps there are lessons to be learnt from the telecom sector, where the regulator was proactive and ensured that tariffs on offer were simplified, and switching suppliers was made easy, leading to millions of users opting for so-called "mobile number portability" every month. The total number of users who sought telecom supplier switching in India crossed the 200 million mark in February.

(The author is editor, Global Policy, for Bloomberg New Energy Finance)

Gujarat expects to save 6.5 bn power units through Ujala

Business Standard ; May 26, 2016

Will distribute 120 mn LED bulbs through four state-owned discoms in coordination with EESL

Having launched the central government's Unnat Jyoti by Affordable LEDs for All (Ujala) scheme to distribute LEDbulbs to electricity consumers in Gujarat on Thursday, the state government now expects to save 6.5 billion units of electricity per annum through the same.

Executed by Energy Efficiency Services Limited (EESL), an organisation under the Ministry of Power, Government of India, the scheme was launched by Gujarat Chief Minister Anandiben Patel at Vadodara. Similar launch programmes were conducted in Ahmedabad, Surat, Rajkot, Jamnagar, Junagadh and Bhavnagar districts as well.

"In Gujarat, we are aiming to disburse 120 million LED bulbs under Ujala. We are expecting that this will save 6.50 billion units of electricity and it will give relief worth Rs 2,500 crore to consumers," said Anandiben Patel, while urging people to apply for Ujala scheme and contribute in energy saving. The state currently has around 1.21 million electricity consumers.

"I am requesting people to apply for Ujala scheme to not only make their houses energy efficient but also contribute in saving energy resources," she said.

The LED bulbs will be available to the consumers across Gujarat for an upfront cost of Rs 80 and at an easy monthly installment (EMI) of Rs 85 against a market price of Rs 350. Residential consumers in the state have an option of paying the amount upfront or choose

an EMI option where there would be no upfront payment and Rs 20 will be added to their bi-monthly electricity bill for a period of eight months.

The LED bulbs will be distributed through the four state-owned discoms of Gujarat in coordination with EESL.

Expect SMS before power outages, supply alerts & technical glitches

Business Standard: May 25, 2016

Power Ministry to roll out nationwide SMS, web and mobile portal on power outages Irked by unscheduled power cuts in your area? Soon, you will be able to track power cuts, demand-supply shortfalls and other glitches through a mobile application and a web portal. You will also get SMS and flash message alerts about these.

In a novel initiative, the Union power ministry plans to roll out a nationwide SMS-cum-alert messages service to give real-time data on power cuts. Rural ElectrificationCorporation (REC) would develop the broadcast message service along with a mobile application and web portal.

POWER TO THE PEOPLE

- SMS to consumers informing about power cuts and technical faults
- National-level initiative to connect transformer-level data, open to consumer feedback
- Mobile app and web portal to have real-time data on outages, faults
- REC to develop portal, collect data on a national cloud system

To begin with, 30 discoms across Gujarat, Maharashtra, Andhra Pradesh, Chhattisgarh, Punjab, Assam, Haryana and Karnataka have agreed, in-principle, to join the programme.The portal would have database till the last-mile transformer level and would monitor locality-wise power supply position. The data would be provided and updated in real time by the respective discoms in the states and would be synced by REC on the portal.

The portal would be open to feedback from both consumers and discom officials, who will give real-time updates on power supply status. Currently, only a few private discoms such as BSESand Tata Power inform consumers about power cuts or any technical fault. But, the new system mooted the central government would be monitored real-time with back and forth feedback, said an official.

The exercise would involve installing modems on each transformer and link all data to a national cloud service. This cloud data would be visible on the web portal and the mobile app. It would also send out alerts, which the discoms can send across as SMS or broadcast messages.

German power: Suhail Khan

Business Line: May 25, 2016

July 25, 2015 deserves a special place in the history of green energy. The day Germany achieved a record 74 per cent of its power generation from renewable energy sources.

As India is edging towards an energy transition, it can learn lessons from world leaders in renewable energy, like Germany. According to the International Energy Agency, Germany

now produces 38,250 mw of solar power, the highest in the world. It is leading the charge through a transformation it calls the 'Energiewende' or the energy revolution.

This involves 30 per cent average generation from renewables and the target for 2020 is 35 per cent, and over 50 per cent by 2030. This revolution has been achieved by very modest changes to the existing power system. Germany has already had a grid so strong that power outages never occur. Intelligent technical improvements to the low-level distribution system have also enabled the German grid to have more capacity than the given current demand.

But the real contribution to this energy revolution has come from the common man. Individual citizens have made more than half the investments in the country's renewables through solar residential roof top units. Since Germany started connecting renewables in the 1990s, the underlying strength has always been the design of the balancing ancillary power markets, which are designed to provide minute by minute balancing of the difference between supply and demand.

People power

Are you a Green citizen? This is a question thrown around commonly in Germany. In a recent poll the Energiewende still had 90 per cent approval. Even though electricity rates rose in the EU, the annual per-capita carbon emissions were cut down by 1.2 tonnes. And majority of the German population, that is the right measure of success when it comes to Green Energy and not through the subsidies or profit margins.

Although the subsidy rates in Germany have been falling for the residential solar feed-in, energy utilities are legally obliged to pay producers of solar electricity a fixed remuneration for the solar power fed into the grid. You can earn as much as €10-13 per kWh for a small roof-top solar unit.

Green utility

Due to the integration of renewables at residential level, the power flow is bidirectional; and there is a good possibility of the generation at the local residential node increasing more than the power demand at the same node. This leads to immense complexity in the grid, and with increased complexity you have higher planning and infrastructure costs. To overcome these issues, utilities have turned to advanced demand response, storage, load peak shaving and forecasting techniques. The focus in Germany is on long-term planning and modelling of networks.

This has given birth to new age smart grid companies that help utilities optimally manage their grids, while saving on infrastructure costs. And when the utilities start becoming more profitable they can care for their customers in a better way and provide higher subsidies for the people who want to contribute energy to the grid.

In a country where thousands still live without electricity, transforming the Indian grid to a European one might seem a distant dream. And in India the progress in solar has been more on the 'Utility Solar' (say, a solar park) rather than on residential level. So, not only policy makers but also the citizens need to strive to bring an energy revolution to India.

(The writer is head of operations for Asia at Venios GmbH)