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16.07.2016

Tamil Nadu power minister to lead a team to Delhi to discuss UDAY

Times of India: July 15, 2016

Tamil Nadu Chief Minister J.Jayalalithaa on Friday told Union Power Minister Piyush Goyal that a team headed by the state Electricity Minister will visit Delhi to discuss the UDAY scheme.

Goyal, who also handles the coal, new and renewable energy portfolios independently met Jayalalithaa at the state secretariat.

During their meeting, Jayalalithaa reiterated to Goyal to consider her government's request relating to joining the Ujwal Discom Assurance Yojana (UDAY) - a scheme for financial turnaround of power distribution companies.

She told Goyal that she had already requested Prime Minister Narendra Modi, in her letter dated October 23, 2015 to consider certain requests of the state government to ensure that the state finances are not adversely affected, while taking over the debt of TANGEDCO- the power distribution company.

She also requested that the Rural Electrification Corporation (REC) and Power Finance Corporation (PFC) which are central public sector undertakings may extend co-operation by providing loans for both revenue and capital expenditure and also for the new power projects proposed by Tamil Nadu.

She told Goyal that Tamil Nadu has an installed capacity of 7,600 MW of wind power and is in a position to sell wind power to other states who require to fulfill their Renewable Purchase Obligation (RPO).

Jayalalithaa reiterated that it is absolutely essential to provide a dedicated green corridor to export the surplus power to other states.

'UDAY will help State save crores'

The Hindu : July 16, 2016

Union Power Minister Piyush Goyal on Friday expressed optimism that the State will join the Ujwal Discom Assurance Yojana (UDAY). However, it was left to the Chief Minister to decide the issue, he said.

Talking to the media after inaugurating the green building project in IIT Madras, Mr. Goyal said the State electricity department could save Rs. 22,000 crore in three years if it signed the UDAY agreement. It could also save Rs. 7,000 crore every year afterwards. Rs. 40,000 crore had been allotted by Prime Minister for the Green Energy Corridor project, he said.

Solar capacity up

Solar capacity which stood at 2,400 mega watt (MW) in 2014, had crossed 7,000 MW in just two years, the Minister said.

The Centre had taken several steps to rapidly increase power generation by giving environment clearances and coal linkages and this has resulted in an increase of 46,000 MW, a rise of 23 per cent in capacity generation. Also transmission capacity had been



increased by 18,000 MW, he added. The cost of renewable energy had come down while that of the conventional energy was bound to increase, he pointed out.

He cited a recent tender floated in Rajasthan where a solar company had quoted Rs. 4.05 per unit.

Focussed on expanding green transmission corridor, says Piyush Goyal

Business Standard : July 15, 2016

Union Power Minister Piyush Goyal on Friday said expanding the Green Corridor — a power transmission corridor for renewable power — is the central government mission and the per unit cost of solar power is now comparable with that of traditional power sources.

Queried about the Tamil Nadu Chief Minister J Jayalalithaa's request to the Prime Minister Narendra Modi for dedicated transmission capacity for wind power, Goyal said: "Expanding the Green Corridor is the mission of our government."

Recently Jayalalithaa had written to Modi to direct Power Grid Corporation to allocate dedicated transmission capacity to evacuate surplus wind power from the state. She had stressed the importance of setting up a dedicated inter-State Green Energy Corridor so that the surplus wind energy from Tamil Nadu can be successfully evacuated and sold to other States.

Goyal, who also handles the coal, new and renewable energy portfolios independently, said he had fruitful discussions with the Karnataka government on expanding the transmission capacity in South India.

He said that the Narendra Modi government has brought the cost of solar power to around Rs 4 per unit which is at par with that of other traditional sources of power, and the days when renewable power was unviable are gone.

On the Amnesty International's charge of human rights violations by Coal India Ltd, he said the charges are baseless and motivated by vested interests that do not want India to progress.

Earlier at a function in Indian Institute of Technology (IIT)-Madras, Goyal said over the next three years no Indian home will be without power throughout the day.

Referring to his father who studied under street lights, he said no Indian child should be forced to read under poor lighting.

He also inaugurated the innovative solar-DC products and appliances developed by the IIT-Madras and its incubated renewable energy companies.

South India has become power surplus: Goyal

Deccan Herald: July 15, 2016

Centre plans to enhance the power transmission capacity in the country by almost three times by 2020, Union Minister Piyush Goyal said today, adding that South India has achieved power surplus status due to various initiatives.

"We have brought solar revolution in a big way to India. In the last two years, there was highest ever renewable energy capacity expansion in wind and solar. In fact, solar energy capacity, which was 2,400 MW in 2014, has now crossed 7,000 MW," the Coal, Power and Renewable Energy Minister told reporters here.

Stating that gas-based power plants which were lying idle for lack of fuel have now started operations, he said most of these plants are in South India.



The minister said as much as 71 per cent of transmission capacity from the Northern and Eastern grids have been connected to South India.

"All these steps put together have led to South India becoming power surplus. They have the ability to provide power 24/7 throughout South India," he said.

"With all the thrust we are giving to renewable power, we are focusing to further increase the transmission capacity to make it nearly three times more than what it is today, by 2020," he added.

Referring to the purchase of power between states, he said, "Two years ago when a state like Tamil Nadu had to buy power, it was around Rs 8, Rs 10, Rs 12 or even Rs 14 a unit, particularly in summer months."

"I am delighted to share with you now that on most days, power is available at the same price in North India as in South India...," he said without elaborating.

"In earlier days, South India had to buy power at five times the cost of Northern India. Now, we have almost got it on par," he said.

On his scheduled meeting with Tamil Nadu Chief Minister Jayalalitha later in the day, he said it would be a courtesy call.

Pointing out that power transmission capacity in India would touch 18,000 MW by 2020 against 3,450 MW in 2014, Goyal said "it is almost a five time increase in six years".

"In fact, the Deendayal Upadhyaya Gram Jyoti Yojana and Integrated Power Development Scheme will help bring thousands of crore of rupees worth of distribution infrastructure so that we can give power to five crore families," he said.

Referring to Tamil Nadu Chief Minister Jayalalitha's recent letter to Prime Minister Narendra Modi saying that the state is in a position to sell surplus wind power and urging the Centre to allocate dedicated transmission capacity, Goyal said, "Expanding the green corridors is certainly a mission of this government".

"The Central government led by Prime Minister Narendra Modi has cleared more than Rs 40,000 crore worth of green corridors. I think Tamil Nadu also benefitted from the green corridor that we have approved," he said.

On the Uday Scheme, which Tamil Nadu is yet to join, Goyal said, "They are free to accept it or reject it. It is a voluntary scheme. But I place before the government that it will help people of Tamil Nadu to save about Rs 22,000 crore over the next three years".

"It will further result in saving of over Rs 7,000 crore every year after 2019," he said. To a query on cost of renewable energy remaining high, he said government was able to bring down the cost of solar power between Rs 4.50 to Rs 5 per unit due to honest and transparent auctions.

"Two or three days ago, some new tenders were opened in Rajasthan for solar power, where the price discovered per unit of electricity was only Rs 4.35 per unit. So gone are the days where renewable energy was unviable," he said.

To a query on a report alleging human rights violations at mines run by Coal India, Goyal said the ministry has already issued a rejoinder in this matter.

"Our rejoinder has come out. And to all those issues, I think it is a completely baseless report. I think it is prompted by certain elements who cannot see the development and prosperity of India and the need for India's poor to get affordable power," he said.

How solar energy and power markets are unsettling the thermal sector

Live mint: July 15, 2016

The central government's push for renewable energy capacity addition and the states' obligation to include solar in their energy basket is driving long-term contracts to solar

As India's renewable energy strategy unfolds, the thermal power sector's stable long-term power purchasing agreements, or PPAs, are coming under threat.

Data compiled by Religare Capital Markets Ltd shows that long-term PPAs, spanning more than 25 years, were all signed by solar power firms in 2015-16 and in the first quarter of the current fiscal year. Thermal or coal-based plants were given only short- to medium-term contracts. That is a remarkable change for the sector, which currently constitutes almost 70% of India's installed capacity.

A combination of factors is at work. The central government's push for renewable energy capacity addition and the states' obligation to include solar in their energy basket is driving long-term contracts to solar. For these projects to be viable at competitive rates, they require the certainty of long-term contracts. Otherwise state power distribution companies (discoms), given their weak financial position, would be less inclined to buy relatively expensive solar power (compared with thermal), said a Religare Capital analyst. Even then, if discoms were to plan their peak load requirement, 25 states may need to sign 39,000 megawatts of PPAs by 2019-20, pointed out Motilal Oswal Securities Ltd.

But as Motilal Oswal said, this may not happen as states are meeting the demand through merchant or short-term power markets, which are offering electricity at competitive rates.

"Merchant prices for electricity have been under pressure on account of declining coal prices and increased competition. This has discouraged the struggling discoms from entering into long-term PPAs that carry higher power tariffs," Religare Capital said in a note.

The average market clearing price at India Energy Exchange (IEX) has fallen 30% from 2014 to Rs.2.50 per unit in the first six months of 2016, whereas thermal PPAs are being signed at about Rs.4 per unit. "Compared to one or two years back, almost all states' discoms are buying to meet their contingent peak requirement. Few states like Bihar, Delhi, etc. are purchasing through exchange platform to economize on power costs by even backing down their costlier PPA power," said Rajesh K. Mediratta, director at IEX.

Of course, the relatively smaller scale of renewable power right now means that thermal remains the key electricity source for India. Also, power markets are still evolving. Some regions continue to face transmission constraints, necessitating bilateral contracts (between states and generators).

But increasing adoption of renewable power, strengthening power markets and growing preference for competitively bid merchant contracts mean the thermal power industry can no longer have the luxury of stable long-term PPAs. That undermines the defensive quality of the sector for investors.

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