



TECA – NEWS CLIPPING

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

24.11.2016

Singareni Collieries to supply coal to Tamil Nadu power projects

Business Line: November 23, 2016

The Singareni Collieries Company Limited has signed up with Tamil Nadu for supply of 10 lakh tonnes of coal (one million tonne) to fuel up their power projects.

Following a memorandum of understanding inked here today, the Tamil Nadu Power Generation and Distribution Corporation (Tangedco) and Singareni Collieries have agreed for supply of 10 lakh tonnes of coal initially and negotiations are underway to increase this to three million tonnes per annum next financial year.

The memorandum was inked by B Kishan Rao, General Manager, Singareni and Sathia Seelan, Chief Engineer, Tangedco in the presence of N Sridhar, Chairman and Managing Director of Singareni Collieries.

While it supplies to small industries in Tamil Nadu, this is the first agreement Singareni has entered into with a State entity which has been procuring coal from abroad and subsidiaries of Coal India, Mahanadi Coalfields in Odisha and Eastern Coalfields in West Bengal.

Sethia Seelan, said, "We have entered into an agreement with Singareni for supply of one million tonne during the current financial year and are planning to take 3 million tonnes during next financial year."

"Landing cost of Singareni coal is cheaper than that of imported coal and that of Coal India. Now we entered into an agreement to take higher grade of G-5 and G-7. In the coming years, we may consider other lower grades of coal too," he said.

The Singareni management plans to supply coal from Manuguru and Bhupalapalli mines in the Kothagudem area of Telangana. The coal supplied will be utilised for 1400 mw Mettoor thermal power plant in Tamil Nadu.

The Singareni management has already entered into an agreement with Karnataka generation company this year for supply of 7 million tonnes of coal in addition to the existing deal of 5 million tonnes for the upcoming power generation units.

In addition to the new pact with Tamil Nadu, the Singareni Collieries will have to meet the coal requirement of new projects under construction by NTPC and Telangana Genco. Singareni plans to increase the output to up to 70 million tonnes by next fiscal meet the growing demand.

Soon, new power tariff for common spaces in large residential projects

The Hindu: November 20, 2016

The Tamil Nadu Electricity Regulatory Commission (TNERC) has directed the Tangedco to evolve a proposal for creating a new category of tariffs for consumers who seek electricity for use in common areas in large residential projects, but refused to grant relief to a property developer seeking reclassification of the electricity connection.

The order came after a real estate property developer, Ozone Project Pvt Ltd, approached the Commission, regarding tariff being imposed at its project, Metrozone, in Anna Nagar. The company is developing the property in a 40-acre land and obtained permission for construction of 30 residential towers, of which six have been completed and seven more are to be handed over.



According to the petition, the company had applied for a service connection under High Tension Tariff III for the loads relating to common amenities for the six towers and obtained the HT connection. The individual apartment owners have been provided with Low Tension service connections.

The petition sought a direction from the Commission to the Superintending Engineer of Tangedco to charge the HT service received under Tariff III to be charged under HT Tariff II A, and also to accept the application of the petitioner seeking one LT service connection to each of the remaining 17 towers for common facilities and charge it under LT Tariff I A. While the petitioner contended that the requirement for the common areas and the lifts was well within 112 kW, they had applied for a HT connection under Tariff III as there was no other classification.

Subsequently, the petitioner approached Tangedco seeking a revision.

However, Tangedco argued that the load requirement was more than 112 kW and hence the petitioner was advised to obtain HT service connection as per the regulations in force.

Load requirement

"In the case of the petitioner, the power requirement is for common facilities like lift, garden area, roads, parking, etc. where there cannot essentially be a demarcation of areas for each tower. The load requirement is 1,000 kVA and therefore the service is necessarily to be a HT service," the Commission said. It further added that under the existing categories of tariff under HT, the tariff for the common facilities in a multi-storeyed building is HT Tariff III and said it was unable to grant any relief to the petitioner with regard to the HT connection or issue directions to the Tangedco to effect LT services to each tower.

However, the Commission said it felt it was necessary to create a new category for LT purpose under HT tariff to address the grievances such as the petitioner's in this case and directed the Tangedco to come up with a new category for such cases.

Power distribution reforms: All is not well for states' tariff revision

Economic Times: November 15, 2016

The centre's power distribution reform scheme Ujjwal Discom Assuance Yojana (UDAY) may have spread fast across states but the progress of timely and proper tariff revision in the current financial year seems to have been moderate at best across states.

For 2016-17, State Electricity Regulatory Commissions (SERCs) in 20 states (out of overall 29 states) have issued tariff orders so far, signifying moderate progress. "This is given that utilities are required to file the tariff petitions for 2016-17 by November 30, 2015 and tariff orders are required to be issued by the end of March 2016 as per the terms of the tariff regulations. The recent assembly elections in the states of Assam, Kerala, Tamil Nadu and West Bengal delayed the tariff determination process for current fiscal," said Sabyasachi Majumdar, Senior Vice President at ratings agency ICRA.

While SERCs in Bihar, Haryana and Odisha have not approved any tariff revision, the SERCs in the state of Gujarat and Punjab have approved a marginal tariff reduction of 1.3 per cent and 1 per cent respectively for certain categories of customers.

The state regulator in Chhattisgarh has approved a steep tariff hike of 15.7 per cent for the year in order to provide for the past year true-up and effect of an earlier judgment by the Appellate Tribunal of Electricity (APTEL) on all the state power utilities. Also, SERCs in Andhra Pradesh and Arunachal Pradesh have approved a nominal tariff hike of less than 1 per cent for the year.

In the case of other 12 states, the extent of tariff revision ranges between 3.0 per cent and 8.8 per cent. Similar to the trend in the last financial year, the average tariff hike remained modest at 4 per cent for current fiscal across the 20 states.



The process of filing tariff petition by the state-owned distribution utilities in Punjab and UP and subsequent tariff determination has also witnessed delays. While the utilities were required to file tariff petitions for FY2017 by November 2015, discoms in UP filed their petitions in March 2016 as against the Punjab discom, which filed its petition as per schedule. Further, while the tariff orders should ideally have been released by end-March 2016 as per the tariff regulations, the actual issuance happened in July 2016 and August 2016 for utilities in Punjab and UP respectively.

Interestingly, both the states are participating in the UDAY scheme, which required a tariff revision in the range of 5-6 per cent for 2016-17. However, the actual tariff revisions allowed by SERCs in both the states were lower -- at 3.18 per cent for UP and -0.98 per cent for Punjab for the year. The respective SERCs cited avoidance of tariff shock to the consumers as the primary reason for the modest tariff hikes.

"The UP discoms have signed an agreement with the centre and the state government for participation in the UDAY scheme, as part of which, the utilities are required to improve their operational parameters in line with the agreed requirements. The tariff hike of 3.18 per cent approved for FY2017 is lower than the 5.75 per cent assumed in the UDAY scheme. Further, given that the distribution loss level for the discoms continue to remain higher than the stipulated levels, the success of the UDAY scheme will remain contingent on the ability of the utilities to adhere to the targets stipulated," Majumdar said.

Earlier, SERCs in 26 of the 29 states had issued tariff orders for the last financial year signifying reasonable progress. However, delays were observed in the issue of tariff orders for 2015-16 in states such as Assam, Jharkhand, Jammu & Kashmir, Maharashtra, UP and West Bengal. Also, tariff orders were not issued for last fiscal in Kerala, Tamil Nadu and Tripura.

Indian power distribution companies revival key to generation volumes in 2017: Fitch

The Economic Times: November 23, 2016

The year 2017 is a test year for the success of the reforms package launched by India to address persistent financial and operating weakness of state-owned electricity distribution companies (discoms), Fitch Ratings says in its Outlook report on the Indian utilities sector.

Progress under this programme should give some additional breathing space to the discoms, which is important for the overall electricity off-take from generators and improvement of plant utilisation levels, which are at historic lows.

Fitch expects the rated Indian state utilities to have large capex requirements in 2017. This will lead to only marginal improvement in their credit metrics. Investment opportunities abound - especially in renewable generation and electricity network assets - however, bidding discipline is key. We expect the ratings to remain stable in 2017. The linkages with the sovereign also provide a rating buffer for the state-linked entities.

'Unprecedented' safety levels at Kudankulam NPP: Angelov

Russia and India Report: November 21, 2016

Vladimir Angelov, Project Director at Rosatom ASE Group of Companies, said in an interview with RIR that innovative solutions built into the Kudankulam Nuclear Power Plant (KNPP) project ensure the highest level of nuclear and environmental safety.

The second energy block at the Kudankulam Nuclear Power Plant (KNPP) was handed over to India on October 15. What does this mean for the energy system in India, which is experiencing chronic capacity shortages?

The Kudankulam NPP is making a significant contribution to electricity generation in India. Electricity from this plant (two completed energy blocks and four more to be built) are vital to the southern part of India – the states of Tamil Nadu, Kerala, Karnataka and the Union Territory of Puducherry. The construction of this station will contribute to achieving India's 2030 targets for



development of nuclear energy. In addition, use of nuclear energy and renewable energy sources will enable India to reduce its dependence on hydrocarbons.

The achieved performance figures of the first energy block of the Kudankulam NPP exceeded its design expectations. The efficiency of the first block is 2.4% higher, and the power supplied is 2.5% more. India has received a better product than was originally planned. The connection of the second block of the NPP to the power grid will provide an extra 1 GW of electric power to the southern part of the country.

Is India satisfied with the safety of the Russian energy units? To what degree do they comply with all current safety requirements?

The Kudankulam NPP is the first station in the world developed in accordance with the post-Fukushima safety requirements. The station is equipped with enhanced safety systems, and can withstand earthquakes, tsunamis and tornadoes.

The plant's passive safety systems are able to function even in the event of a total loss of power, and without any operator intervention. They meet the generally accepted criterion – "the overall probability of severe damage to the reactor core," and, as much as possible, raise this project, in terms of its nuclear safety level, to that of new fourth-generation projects.

The technical innovations in the project ensure that no radiation is released into the environment. The block is equipped with two protective shells with a ventilated space between them. The inner shell ensures hermetical containment of the internal space, where the reactor facility is located. The outer shell of the nuclear power plant can withstand natural disasters (tornadoes, hurricanes, earthquakes, floods, etc.), technogenic and anthropogenic events (like explosions, plane crashes, and so on).

Even with the loss of all power sources and industrial water supply, the NPP's safety system will be able to provide reliable air cooling of the reactor, without the use of external energy sources.

A distinctive feature of the Russian project is the high volume of diagnostic and corrective systems built in to the power units.

The implementation of construction solutions and the technological systems – such as dual localizing and containment shells, systems of passive heat removal from the reactor plant, the core melt trap, passive system to quickly input high-pressure boron, additional capacity to ensure a passive way for long-term supply of borated water into the reactor, system of passive filtering of the space between the shells, closed ladle of industrial water intake for the NPP – provide an unprecedented design level of nuclear and environmental safety for this nuclear power plant that is being built.

When will construction work start on the 3rd and 4th blocks of the KNPP? Are you ready to sign an agreement for the construction of the 5th and 6th blocks?

The KNPP project will involve building six power units with VVER-1000 type reactors.

The General Framework Agreement for construction of the second phase of the NPP, which includes the third and fourth energy blocks, was signed in April 2014. The ceremony of pouring of the first concrete foundation slabs for units 3 and 4 took place during the BRICS Summit on October 15, 2016, with the participation of President Vladimir Putin, Prime Minister Narendra Modi and Valera Limarenko, via videoconference.

ssia to India are already underway, while the working documentation is being finalised. Work is on for a draft contract to bring supplies in from third countries.

Since February 2016, work on the excavation of soil and preparation of pits for the main building has begun on the site of the NPP.

For the 5th and 6th blocks, Russia submitted the complete technical and commercial offer for construction in November 2015. India has taken a decision, in principle, to continue with building



the 5th and 6th blocks – and use the same VVER-1000 type reactors in units 1 to 4. In February 2016, a road map was signed to move towards the signing of a General Framework Agreement for construction of the fifth and sixth power plants.

CERC for change in power transmission bid rules

Business Standard: November 24, 2016

To expedite development of the power transmission network and avoid delay

To expedite development of the power transmission network and avoid delay, the Central Electricity Regulatory Commission (CERC) has emphasised to the Power ministry the need to give out large projects, instead of breaking these into parcels.

This comes in the wake of increasing numbers of petitions, arguing over the dates of commissioning, incentives and the delays.

In a letter dated October 14, to the ministry, the commission has highlighted these issues. As there is no benchmark for implementation of a project, the network operator also misses on the chance to earn incentives for early commissioning, the letter is being reviewed by *Business Standard*.

Suggesting a way forward, CERC said large projects, not components of large projects, should be awarded. "In the case of a new transmission network, splitting into components and award through tariff (rate)-based competitive bidding (TBCB) complicates the execution. Therefore it is advisable to identify the entire network for development through TBCB, instead of comparatively smaller elements, commissioning of which depends upon commissioning of all upstream/downstream elements," said the letter.

The commission has also asked the government to include an implementation agreement in the bidding guidelines, to improve coordination between developer and bid process manager.

The government had issued an order in July 2015 that transmission projects won under TBCB and those awarded to Power Grid Corporation of India for system strengthening would be eligible for transmission charge from the date of commercial operations, even if ahead of schedule. The first to do so come early was, the transmission project of Rajasthan Atomic Power Project (RAPP), owned and managed by Sterlite Grid, commissioned in January 2016.

CERC has asked for incorporating the incentive in the bidding documents and implementation agreement. And, that all the disputes should be settled through the implementation agreement.

Power ministry officials said the advice was being examined and some of the suggestions had already been incorporated in the new bidding documents

Government mulls central transmission entity

Business Standard: November 21, 2016

Goyal says that the 23,273.5 MW capacity of coal and lignite based thermal power generating units were un-utilised due to its non-schedule

Government is looking at creating a separate entity to function as a dedicated central transmission utility with operational and financial authority, Parliament was informed on Monday.

"Government has contemplated the creation of a separate entity as a dedicated company having operational and financial autonomy which shall discharge the statutory functions of Central Transmission Utility (CTU) along with other functions which inter-alia includes Power System Planning," Power Minister Piyush Goyal stated in a written reply to Rajya Sabha on Monday.

According to statement, the proposal for creation of such an entity is presently at a preliminary stage.

At present, Power Grid Corp discharges the CTU functions. Its arm Power System Operation Corp manages the electricity grid in the country.



PSOC ensures integrated operation of regional and national power systems to facilitate transfer of electricity within and across regions and trans-national exchange of power.

In another reply to the House, Goyal said that during the April-October period of the current fiscal, 2.67% of coal and lignite based thermal units could not generate electricity at all.

During 12th Plan (2012-17) till September 2016, he said, a total of 3,000 MW of inefficient thermal generating capacity has been retired. This will result in better utilisation of more efficient plants.

In another reply, Goyal stated that as reported by the states, there were 18,452 un-electrified census villages in the country, as on April 1, 2015.

Out of these, 10,628 villages have been electrified as on October, 31, 2016 and the remaining 7,824 un-electrified villages are targeted to be electrified by May, 2018.

As per Census 2011, out of 1,678 lakh rural households in the country, 750 lakh were un-electrified.

However, 249.89 lakh BPL households have been released connections under Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), including Rural Electrification component, as on October, 31, 2016, he added.

Goyal further said that the 23,273.5 MW capacity of coal and lignite based thermal power generating units were un-utilised due to its non-schedule from beneficiaries (Reserve shut down) as on November 14, 2016.

The un-utilised capacity of gas and other liquid/multi fuel power stations cannot be quantified as it depends on availability of gas, he added.

On hydro power, he said as many as 12 Detailed Project Reports (DPRs) of hydro power projects, with an aggregate installed capacity of 9,979, MW are under examination in Central Electricity Authority (CEA).

Narendra Modi's cash ban spells bonanza for money-losing power retailers

The Economic Times: November 24, 2016

Prime Minister Narendra Modi's decision to scrap large bank notes have an unintended beneficiary: India's cash-strapped power companies.

Electricity consumers who hadn't paid their bills for months are queuing up to square their accounts as the old bills can still be used to pay charges until Nov. 24. In a surprise move, Prime Minister Narendra Modi withdrew 500 and 1,000 rupee bills as legal tender from Nov. 9. Since then, people have formed lines at banks, fuel retail stations and electricity billing offices to use or exchange their old notes.

Power retailers in the northern state of Haryana saw unexpected collections of 750 million rupees (\$11 million) in the first ten days after the decision, Anurag Rastogi, principal secretary in the province's power department, said by phone. Other consumers paid bills well before the due date, causing a temporary surge in collections, he said. Neighboring Punjab received extra collections of about 200 million rupees, said S.C. Arora, finance director at Punjab State Power Corp.

Modi's government has been trying to revive the poorly-performing power distributors by reorganizing their debt, cutting costs and increasing revenue by reducing theft and improving collections. The retailers purchased electricity at an average price of 5.20 rupees per kilowatt hour in the year ended March 2015 and earned an average 4.46 per kilowatt hour on sales, according to the latest data from Power Finance Corp.



Uttar Pradesh state's power retailers have seen collections surge but don't have specifics, said Arvind Rajvedi, commercial director at Paschimanchal Vidyut Vitran Nigam Ltd., the state's biggest power retailer.

"There's definitely been a jump in collection of arrears, but we have not been able to assess how much they are," he said. "On some days, our staff has gone home only after midnight. The counters remain open until the last customer has been served."

The windfall is temporary at best, said Salil Garg, a director at India Ratings & Research, the local unit of Fitch Ratings.

"There would be a very minuscule percentage of customers who didn't intend to pay, but paid back their arrears using the old notes," he said. "It's not going to make a material difference to their finances."

Some, more efficient distributors such as those in the states of Delhi and Kerala, haven't seen an impact.

"Our collection efficiency is hundred percent," said Praveer Sinha, chief executive officer at Tata Power Delhi Distribution Ltd.

The 500 and 1,000 rupee bills accounted for 86 percent of the money in circulation in a country where 98 percent of consumer transactions in volume terms are done in cash.

NITI Aayog calls for targeted power subsidy, privatization of all discoms

Live Mint: November 24, 2016

Targeted power subsidy, market pricing of electricity are needed to cut power theft and make affordable energy available for globally competitive manufacturing, says Amitabh Kant

Government think-tank NITI Ayog's chief executive Amitabh Kant on Wednesday pitched for market pricing of electricity and transferring power subsidy to the bank accounts of poor consumers as part of radical reforms needed to cut power theft and make affordable energy available for a globally competitive manufacturing industry.

At a conference in New Delhi organized by the India Energy Forum, an industry organization, Kant said introduction of direct benefits transfer (DBT) along with other steps like privatization of all the state-owned power distribution firms and having independent state electricity regulators were the bold reform measures needed to turn around the struggling electricity distribution sector. Direct bank transfer of entitlements is already in place for cooking fuel.

At present, individual power consumers are cross-subsidized by industrial and commercial establishments, the higher power tariff for which adds to their cost of doing business and reduces competitiveness in the world market.

"About 79% of our manufacturing output comes from small and medium enterprises. Availability of affordable and reliable energy on a sustained basis is essential for them to plan for the size and scale required to penetrate world markets. No country has benefited from strong manufacturing growth for long periods on the back of domestic market alone," said Kant. He added that it was the manufacturing sector, more than services, that has helped other nations to record long periods of economic growth. Services accounts for about 65% of India's gross domestic product.

"Health of the energy sector is critical in attracting investments. Radical restructuring (of the sector) is necessary," said Kant, adding that the government which pulled off a mammoth and unprecedented move like demonetisation of large denomination currency notes, was capable of bold reform measures.

Power distribution utilities have been the weakest link in the energy value chain, plagued by power theft, billing inefficiency and regulatory delays in approving tariff increases, which together made them one of the worst loan defaulters in the economy.



"In the name of load management, power distribution companies shy away from procuring power, which makes the generation companies run their plants at low capacity, impacting their loan repayments. If distribution companies are to turn around, there is a need for continuous improvement in operational efficiency and continuous revision in power tariff," said Ashok Haldia, managing director and chief executive officer of PTC India Financial Services Ltd, a power sector lender.

According to Anil Razdan, former Union power secretary, health of the power sector directly impacts that of the financial sector as 70-80% of the funds invested in any new power project are from financial institutions. "Outstanding bank credit to power sector as on September 30, 2016 was Rs5.3 trillion. Power sector's share in gross non-performing assets (NPAs) is almost 6% compared to 14% for the entire infrastructure sector," said Razdan, quoting Reserve Bank of India figures. He argued that it was crucial to enable power generation companies to run plants at full capacity so that they can produce affordable power and service their debt.

Save Energy. Save Money. Save the Planet

Please see the website at www.tecaonline.in for previous issues of TECA News letter