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Tamil Nadu's first private power plant shutting shop

The Hindu : August 29, 2018

Tangedco did not renew purchase agreement with unit owing to high cost of power

A 196-megawatt (MW) liquid fuel-fired power plant at Basin Bridge here, billed as the State's first plant put up by the private sector in late 1990s, is being dismantled.

Located on about 29 acres of land leased by the Tamil Nadu Generation and Distribution Corporation (Tangedco) to GMR Power Corporation for 20 years in March 1997, the plant had four units of 49 MW each.

Initially diesel, and subsequently, Low Sulphur Heavy Stock (LSHS), were used as fuel. In March 1999, the power plant was formally inaugurated by the then Chief Minister M. Karunanidhi. Tangedco had a 15-year-long power purchase agreement which expired in 2014. It bought power for one more year – till February 2015, beyond which it did not renew the arrangement.

On Monday, one of the three chimneys was demolished.

The process of dismantling the plant began nearly four months ago, says a senior Tangedco official, adding that the company had time till October for vacating the place. A representative of the company says his organisation would quit the place "as soon as possible." Another official of Tangedco says that as of now there are no plans to develop the place.

The location of the power plant — in the heart of city — was considered significant as the plant fed the requirements of vital areas such as Madras High Court, Government Hospital, Secretariat, Central Railway Station, Children's Hospital in Egmore and VVIP's residential areas in times of total power failure or collapse of power generation by North Chennai and Vallur power plants on northern outskirts of the city.

In addition to the private company's plant, Tangedco is having a plant of 120 MW, which can be run on diesel or naptha. The officials say that this plant is now used in times of emergency.

Considering its high cost of power, the facility was meant to be an emergency spinning reserve for the Chennai network, but used as a base load plant on certain occasions. But, the cost of power was considered high.

To give an illustration, the total cost of power from the Basin Bridge plant was ₹13.15 per unit in 2012-13, whereas the average cost of supply incurred by Tangedco was ₹7 per unit and the average cost of realisation, ₹5.1 per unit. Eventually, the factor of the high cost forced Tangedco come to the conclusion of not buying power from the plant, the officials add.

T.N. upbeat about hydro power prospects

The Hindu : August 29, 2018

Comfort level

A status report on hydel reservoirs in T.N.

Group	June		July		August	
	Storage as on 1st	Inflow during the month	Storage as on 1st	Inflow during the month	Storage as on 23rd	Inflow up to 21st
Pykara	89.57	112.46	168.9	224.51	336.971	274.9
Kundah	257.85	408.0	534.15	667.59	1,058.71	751.4
P&A*	49.74	160.57	168.45	413.74	247.92	349.45
Mullaperiyar	23.55	108.07	68.76	170.52	155.312	269.41
Suruliyar	2.14	6.73	6.73	21.79	33.793	19.47
Papanasam**	0.95	30.24	21.48	33.50	47.994	55.5
Kodayar	130.71	52.14	172.69	33.01	180.638	80.05
Mettur	8.26	23.79	29.59	309.34	210.2	413.4
TOTAL	562.76	902.0	1170.74	1874.01	2271.537	2213.6

*All figures in million units | *P&A: Parambikulam & Aliyar | **Papanasam: Papanasam & Servalar*

Tangedco is confident of generating 6,000 million units of power this year

With the southwest monsoon remaining vigorous, the Tamil Nadu Generation and Distribution Corporation (Tangedco) is confident of generating 6,000 million units (MU) of hydro power this financial year.

At the beginning of this month, the storage at the hydel reservoirs was about 2,210 MU. This meant that the corporation can generate this much energy in future. There is still a month left for the withdrawal of the southwest monsoon and it will be followed by northeast monsoon that normally lasts till December end. Considering these factors, Tangedco officials are hopeful that the storage may go up by another 4,000 MU.

Since April 1, hydro power stations generated 1,990 MU so far. For the corresponding period last year, they generated 565 MU of power.

From June, the inflow into the reservoirs has been exceeding the 10-year-long average. The cumulative inflow into the reservoirs was 902 MU in June against the anticipated 260 MU; 1,874 MU in July against 1,118 MU and 2,213.6 MU (up to Tuesday) against 1,015 MU for August.

In the last 10 years, a record generation of hydro power — 6,455 MU — was achieved in 2007-08. During 2017-18, the figure was 3,063 MU.

Although hydro power accounts for about 5% of the annual generation of the Tangedco, its importance has to be seen in the context of the hydel stations providing flexibility in grid operations and becoming handy in times of steep decline in generation caused by any major breakdown of thermal power stations. Also, hydro power saves crores of rupees for the corporation. For instance, if the hydel stations generate 6,000 MU of power this year, Tangedco need not buy that much of energy from others. This means a savings of Rs. 2,400 crore, with the average cost of power being Rs. 4 a unit.

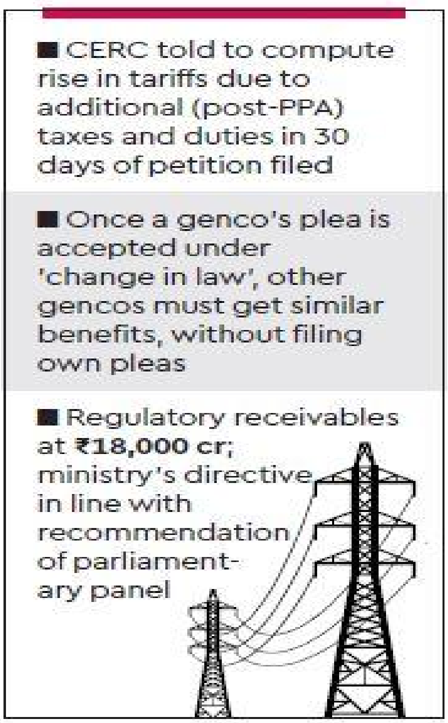
Regulatory delays: Power ministry asks CERC to speed up clearing dues

Financial Express : August 29, 2018

Regulatory dues amounting to Rs 18,000 crore are yet to be paid to power companies. The ministry’s directive, if complied with, will help the resolution process and make some stressed units more attractive to potential buyers.

Union power ministry has directed the Central Electricity Regulatory Commission (CERC) to compute the increase in tariffs that additional (post-power purchase agreement) taxes and duties would have necessitated within 30 days after a generator filed the petition for such a revision.

While banks have stepped up efforts to find resolutions for stressed power assets under the Reserve Bank of India’s (RBI) directive and insolvency proceedings are to start for units with a combined capacity of 32 gigawatts (GW), the Union power ministry has directed the Central Electricity Regulatory Commission (CERC) to compute the increase in tariffs that additional (post-power purchase agreement) taxes and duties would have necessitated within 30 days after a generator filed the petition for such a revision. Once a generator’s plea is accepted under ‘change in law’ condition, other generators with the same demand should also get similar benefits, without filing separate petitions, the ministry said.



Regulatory dues amounting to Rs 18,000 crore are yet to be paid to power companies. The ministry’s directive, if complied with, will help the resolution process and make some stressed units more attractive to potential buyers.

Lanco’s 1,200 MW Anpara plant, which is currently on way to the National Company Law Tribunal (NCLT), was expecting accumulated dues of Rs 800 crore to be cleared by the Uttar Pradesh distribution companies (discoms) after the state regulator had approved the tariff pass-throughs due to higher coal costs in August 2017. If that payment was cleared on time, the asset could have serviced its debts and save itself from facing insolvency and bankruptcy proceedings, Ramanuj Kumar, partner, projects finance at law firm Cyril

Amarchand Mangaldas noted. The UP discoms approached the electricity appellate tribunal (Aptel) where an order is yet to be announced.

Similarly, CLP's 1,320 MW Jhajjar plant in Haryana is still awaiting payment clearance from the state discoms even after the CERC's approval in January 2016.

Haryana discoms has also approached the Aptel on the issue after CERC's order. Also, Tamil Nadu discoms have recently filed a petition in Aptel challenging the pass-through of the Rs 400-per-tonne goods and services tax compensation cess (erstwhile clean energy cess) on coal. The cess is 20% of fuel costs.

"The Association of Power Producers (APP) welcomes the directions issued by the ministry of power," said Ashok Khurana, director general, APP, adding that "such provision should also be included in the tariff policy which would ensure that state-owned discoms also abide by them."

The directive comes as a respite for gencos after the Allahabad High Court on Monday did not give them a special waiver from the RBI's February 12 circular. Promoters of most among the 34 identified stressed power projects could lose ownership of the assets with this decision. A large chunk of the 34 projects — with a combined capacity of about 39 GW and banks' exposure of Rs 1.75 lakh crore — would now take the insolvency route.

Regulatory delays impede cash flow for power producers, which sign power purchase agreements (PPAs) with various discoms with provision for protection from 'change in law'. However, petitions claiming relief for change in law often take two to three years. Gencos claim that while this cost is likely to be realised in a period of over two months, it would leave these financially stressed entities without funds. In such cases, working capital is borrowed from banks, entailing additional interest cost of 12%, but this additional cost is not likely to be paid by discoms.

The parliamentary committee on energy recently observed that "the decisions of the regulatory bodies regarding change in law are not honoured by discoms and various regulators interpret change in law differently leading to the confusion in the sector", recommending that "appropriate steps should be taken to ensure that there should be consistency and uniformity with regard to orders emanating from the status of change in law".

Reducing the burden: CERC told to pass on duty changes to power users

The Economic Times : August 28, 2018

It's a rare case where the government has invoked its powers under Section 107 of the Electricity Act to issue this direction to the independent power regulator

The government has directed power regulator Central Electricity Regulatory Commission (CERC) to allow changes in any central or state government duty to be passed on to consumers even after award of bids, a move that may help revive some stuck power projects.

"Para 6.2 ($) of Tariff Policy 2016 provides that after the award of bids, if there is any change in domestic duties, levies, cess and taxes imposed by central government, state government or by any government instrumentality leading to corresponding changes in the cost, the same may be treated as 'change in law' and may unless provided otherwise in the PPA, be allowed as pass through subject to approval of appropriate commission," the direction said.

It's a rare case where the government has invoked its powers under Section 107 of the Electricity Act to issue this direction to the independent power regulator.

Industry insiders said the move will help several power projects stuck due to regulatory issues by expediting procedures. "This will expedite the cases relating to passthrough of additional cost due to change in law events, and help in early resolution of regulatory dues of about Rs 18,000 crore," Association of Power Producers (APP) director general Ashok Khurana said. "On an average, the necessary orders for Change in Law pass-through took 3-4 years."

Khurana said the development will also lead to reduced litigations. The power ministry has ordered that the commission will only determine the per unit impact of such change in taxes, which will be passed on. State power distribution companies may submit objections in 21 days. The order on tariff pass-through will be effective from the date of change in taxes. In cases where CERC has already passed an order, that order will apply to all cases and no additional petition should be filed. Khurana said this will obviate the need for all aggrieved parties filing separate petitions.

"This will reduce the burden on CERC/ SERCs of multiple petitions on the same issue," he said. The power ministry said the delay in decision making was affecting the power sector and was one of the factors causing stress. "It has been brought to the notice of the ministry that generating companies are facing difficulties in getting pass-through of changes in cost due to any change in domestic duties, levies, cess and taxes imposed by central government, state government or any government instrumentality under 'change in law' by appropriate commission," it said in a statement.

The difficulty is mainly because of considerable time being consumed in the approval process resulting into severe cash flow problems to the generating companies. This has also resulted in stress in the power sector." Total outstanding loans of scheduled commercial banks to the power sector (including renewables) stood at Rs 5.65 lakh crore at the end of March, according to the 40th Standing Parliamentary Committee.

Nearly 80% of this is accounted for by public sector banks and almost a fifth of this exposure is stressed on various counts, the committee said in its report. The government on July 29 had set up a high level empowered committee headed by cabinet secretary PK Sinha and representation from the ministries of railways, finance, power, coal and banks having major exposure to the power sector, to revive stressed thermal power projects.

The committee would look into various issues with a view to resolve them and maximise the efficiency of investments, including changes required to be made in the fuel allocation policy and regulatory framework. It will also look into mechanisms to facilitate sale of power, ensure timely payments, payment security mechanism, changes required in the provisioning norms/(IBC), asset restructuring company regulations, and other proposals for revival of stressed assets so as to avoid such investments becoming non-performing assets for lenders.

Maharashtra: Amnesty scheme for industrial consumers has few takers

Energy World : August 28, 2018

The dues of some companies were pending for two years. These industries cannot function without power for long and their connections have been cut at least three months ago

The amnesty scheme for industrial consumers announced by the Maharashtra State Electricity Distribution Company Limited (MSEDCL) had few takers as most of the companies have left the district or closed operations. The scheme was launched on May 25.

“Total 4,107 industrial consumers, whose connection has been permanently disconnected, collectively owe Rs 5.53 core to the MSEDCL. But only 732 have taken the benefit of the scheme, indicating that the others have either shut their operations or are in dormant stage,” a senior executive engineer of the MSEDCL said.

The dues of some companies were pending for two years. These industries cannot function without power for long and their connections have been cut at least three months ago.

“The outstanding is not a major issue as their bills are generally lesser than the security deposit. The MSEDCL has around 70 per cent of the principal outstanding with itself in the form of security deposit taken from these companies,” the official said.

“The cause of concern is that these industries are not consuming power – which meant loss of business to the MSEDCL,” he added.

“When an industry is not consuming power, it means it is not functioning and that we have lost a customer. The other impact is the loss of employment and business to the ones dependent on them,” the official said.

Sartej Patil, who has set up a plant in Chakan near Pune, is one such industrialist whose factory in Nashik is closed.

“I have shifted to Chakan more than one-and-a-half years ago, as here I have business and not in Nashik. The last bill has not been paid. It is accruing interest, but that is better than paying fixed charges to the company. I shall settle the dues some day,” he said.

A few others were waiting for takeover of their property by others. “There are a few companies who have offered to clear the dues as they are taking over the properties of the defaulting firms. There are at least 13 such applications with the MSEDCL,” the official said.

Indian renewables sector to see strong growth, favourable policy support: Report

The Economic Times : August 28, 2018

Investment in the power sector in India is important to maintain economic growth and also to improve the livelihoods of large sections of the population which are still without electricity

Renewables sector in India is expected to see strong growth and favourable policy support going forward as traditional fossil fuel power projects are facing growing transition risks, an HSBCreport says. According to the global financial services major, the solar sector will continue to receive favourable policy momentum, especially given India's leadership role in the International Solar Alliance.

"Given the woes (financial and operational) facing the coal power sector and rapidly falling renewable energy generation costs, we believe renewables in India will continue to see strong growth and expect favourable policy support," HSBC said in a research note.

Investment in the power sector in India is important to maintain economic growth and also to improve the livelihoods of large sections of the population which are still without electricity.

Coal now forms one-third of total installed generation capacity, but some projects are unable to sustain themselves due to issues including the non-availability of fuel, lack of purchase agreements and tariff disputes, the report said.

"We think the economics will continue to shift in favour of lower carbon power in India, especially as it promotes solar," the report added.

According to the report, fiscal year 2016-17 was a turning point for renewables as newly installed capacity (11GW) surpassed that of newly installed coal (7GW) for the first time.

"An additional 12GW of renewables (mostly wind and solar) was installed between April 2017 to May 2018, more than double that of coal power plants (5GW)," the HSBC report noted.

Renewable installations have been outpacing coal largely because the price of solar power has declined by over 40 per cent, making it more competitive against coal and more attractive for new-build projects.

HC stays order slashing tariffs of incentivised wind power generators

The Economic Times : August 24, 2018

The order is significant because the GBI issue was seen as a roadblock in Greenko's planned acquisition of Orange's renewable energy portfolio, as reported by ET on Aug 21.

The Andhra PradeshHigh Court has stayed the state regulator's order that reduced tariffs of electricity supplied by wind projects that received generation-based incentive (GBI) from the Centre.

The order is significant because the GBI issue was seen as a roadblock in Greenko's planned acquisition of Orange's renewable energy portfolio, as reported by ET on Aug 21.

The central government devised the GBI scheme to encourage investments in wind power generation by providing an additional incentive of Rs 0.50 for every unit of energy actually generated by a generator over and above the tariff granted by the regulator.

The incentive is a means to encourage pure-play power generation.

The order of the Andhra Pradesh Electricity Regulatory Commission (APERC) was challenged by leading clean energy players including Orange Renewables and Hero Group earlier this week, seeking an interim suspension of the APERC order. The order had been challenged primarily on the ground that APERC does not have the jurisdiction to alter its own orders subsequently.

The APERC had passed the order modifying its earlier tariff orders on the ground that it had earlier failed to give effect to its regulations that require incentives to be deducted from tariff. "Prima facie, the 1st respondent- Commission has no jurisdiction to exercise the power of review in the manner it did," the court said in its order, a copy of which, has been reviewed by ET.

With around 2,000 MW wind project capacity in the state, the APERC order had an impact of more than Rs 2,000 crore for the wind generators in the state of Andhra Pradesh who had factored in the GBI while working out financials for setting up projects.

The high court order issued on late evening on Thursday comes as a big relief for wind generators in the state.

"Wind generators in the state had been denied GBI for over two years. This should bring clarity for regulators and help them make the sector more sustainable," said an executive of an IPP, requesting not to be quoted.

Currently, other states like Gujarat, Rajasthan, Maharashtra and Karnataka having high concentration of wind power generation allow the benefit of GBI to the generators. The APERC order would have had the potential of bringing in similar approach in other states.

INNOVATION: Wastewater from textile mills could power batteries, says study

ET Energy World : August 29, 2018

The first battery the researchers made operated with near-perfect efficiency when it was charged and drained 50 times

Washington: A sapphire-coloured dye -- a common industrial pollutant from textile mills -- could be used to build rechargeable batteries for wind farms and solar homes to store electricity, a study has found. Scientists from University at Buffalo in the US showed that the dye, when dissolved in water, is good at storing and releasing energy on cue.

This makes the compound a promising candidate material for redox flow batteries that can be used to stockpile electricity generated from solar or wind farms for days when there is no sunshine or electricity.

"Methylene blue is a widely used dye. It can be harmful to health, so it's not something you want to dump into the environment without treating it," said lead researcher Timothy Cook, an assistant professor at University at Buffalo.

"There's been a lot of work done on ways to sequester methylene blue out of water, but the problem with a lot of these methods is that they're expensive and generate other kinds of waste products," said Cook.

"But what if instead of just cleaning the water up, we could find a new way to use it? That's what really motivated this project," said Anjula Kosswattaarachchi, a PhD student at University at Buffalo.

The study, published in the journal ChemElectroChem, is the first step in assessing how -- and whether -- methylene blue from industrial wastewater can be used in batteries.

"For this to be practical, we would need to avoid the costly process of extracting the dye from the water," Cook said.

"One of the things we're interested in is whether there might be a way to literally repurpose the wastewater itself," he said.

"In textile-making, there are salts in the wastewater. Usually, to make a redox flow battery work, you have to add salt as a supporting electrolyte, so the salt in wastewater might be a built-in solution," he added.

Researchers showed that methylene blue is good at important tasks associated with energy storage. In experiments, the scientists built two simple batteries that employed the dye -- dissolved in salt water -- to capture, store and release electrons.

The first battery the researchers made operated with near-perfect efficiency when it was charged and drained 50 times.

The results mean that methylene blue is a viable material for liquid batteries. With this established, the team hopes to take the research one step further by obtaining real wastewater from a textile mill that uses the dye.

Save Energy. Save Money. Save the Planet