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

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## Rescuing power sector: Piyush Goyal calls high-level meeting on June 11

The Economic Times : June 10, 2018

Interim Finance Minister Piyush Goyal will hold a high-level meeting with the Power Minister RK Singh in New Delhi on Monday (June 11) on rescuing as many as 11 stressed assets. Goyal has called for this meeting after the Allahabad High Court ruled in favour of the Power Ministry and barred banks from initiating proceeding against Power producers as per a RBI Circular dated Feb 12. The HC had also directed the Finance Ministry to hold meetings with the Power Ministry on this matter.

The Power Minister RK Singh has publicly stated his reservations on this particular RBI circular as it had banned debt restructuring instruments like SDR (strategic debt restructuring) and S4A. Singh believes this circular will cause more harm to the power sector that according to a Parliamentary Standing Committee is straddled with debt, with nearly 34 projects with debt of over RS 1.75 lakh Cr being in danger of becoming NPAs.

The power ministry this time is likely to table two resolution plans to rescue 11 stressed projects. One of them is called 'Samadhan' which has been chalked out by the SBI while the other is called 'Parivartan' by the REC.

The meeting, which shall also have the top bureaucrats of Power ministry and coal ministry in attendance, will also focus on power plants facing acute shortage of coal. The Latest data as per Central Electricity Authority (31st may 2018) shows 25 plants have critical coal stocks that will be exhausted in less than a week's time, despite the government ramping up coal loading to 500 rakes per day from 464 rakes.

While there are quite a few power plants receiving supplies in excess of their trigger level, they are still reeling under coal shortage.

The 'trigger level' ranges between 75-90% of the annual contracted quantity (ACQ) of coal tied up from state-run Coal India Ltd. While plants are on the verge of closure, state-run Coal India Ltd. has been refuting allegations of coal shortage.

"Adequacy of coal at plant site has to be ensured by CIL and Railways, perennial blame game between these two monopolies will not help the situation," Director General of Association of Power Producers, Ashok Khurana, said.

The minister will also be discussing the methodology for coal linkage for auction as well as issues of commercial coal mining. The Cabinet Committee on Economic Affairs on February 20th had opened up commercial coal mining for private player, putting an end to Coal India's monopoly in selling coal.

## UDAY scheme: Discoms cut losses, but their dues to Gencos mount

The Financial Express : June 11, 2018

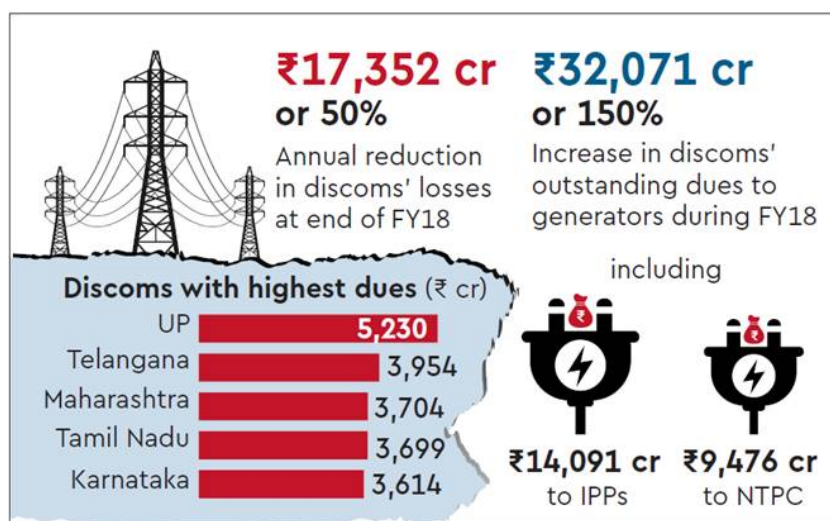
Electricity distribution companies (discoms) under the Ujwal Discom Assurance Yojana (UDAY) scheme may have reduced their financial losses by Rs 17,352 crore or 50% annually by March-end.

Electricity distribution companies (discoms) under the Ujwal Discom Assurance Yojana (UDAY) scheme may have reduced their financial losses by Rs 17,352 crore or 50% annually by March-end, but their outstanding dues to power generators have surged by over 150% to Rs 32,071 crore in the same period. Payments of Rs 27,832 crore to gencos are pending for more than 60-days.

Irregular and often delayed payments by discoms have been cited as the primary reason behind private generation assets becoming stressed. Power projects worth Rs 1,80,000 crore are now stressed, including non-performing assets of some Rs 70,000 crore. Although it is not immediately known who much of the unpaid dues were reckoned by the discoms as 'payables' as they reported the reduction in losses, industry sources said their losses would have been significantly higher if generation companies were paid in time.

Apart from the above-mentioned dues, discoms would also have to pay about Rs 8,000 crore to power producers after electricity regulators clear a clutch of pending appeals on allowing pass-through of costs by generators under 'change in law' provisions. While outstanding receivables of state-run power producer NTPC stands at Rs 9,479 crore, the same for 10 independent power producers (IPPs), including Tata Power, Adani Power, GMR and Jindal Steel and Power, are more than Rs 14,000 crore. Another Rs 7,000 crore needs to be paid to state-run NHPC, DVC, NEEPCO and SJVNL.

Besides these, sources said, that discoms may have liabilities totalling Rs 6,000 crore to smaller power producers. After registering a slight dip in outstanding dues to generators in August, 2017, the amount has been sharply increasing. Uttar Pradesh, Telangana, Tamil Nadu, Maharashtra and Karnataka comprise more than 60% of such unpaid dues. "Abnormal increase in payable clearly shows that the financial conditions of discoms are still precarious," said Ashok Kumar Khurana, director general, Association of Power Producers



While launching the Praapti portal last month, aimed to bring transparency in discom payment mechanism, power minister RK Singh had said that there might be situations where the payment conditions are not followed according to the terms of the PPAs. "Maybe because gencos are in a relatively weaker position than discoms, I don't see many IPPs complaining about untimely payment," Singh added.

The loss reduction of the discoms is the combined effect of factors such as savings in interest cost, power purchase cost, establishment cost and tariff rationalisation. There has also been an improvement in billing efficiency.

### Power pack: Discoms' AT&C losses come down at 19.1%

Financial Express : June 8, 2018



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The aggregate technical and commercial (AT&C) losses of discoms in 24 states under the Ujwal Discom Assurance Yojana (UDAY) came down to 19.1% at the end of FY18, from 20.3% a year ago. Though the AT&C loss figures are below 20% for most major states, not far from their respective targets for the period, losses in Uttar Pradesh, Bihar, Jharkhand and Madhya Pradesh remain very high. Losses in Jharkhand and Madhya Pradesh even increased from their FY17 levels.

AT&C losses in Uttar Pradesh was 27.9% against the target of 23.6%, while Bihar's losses were at 33.2%, missing the target of 29%. Jharkhand's AT&C losses were at 31.8%, against the target of 22%, and even higher than 29.9% loss in FY17. Madhya Pradesh's AT&C loss was 29.7% in FY18, compared with 25.2% in FY17. The target was set at 19.2%. At 8.7%, Andhra Pradesh recorded the lowest AT&C losses for the financial year.

Discoms of Uttar Pradesh and Madhya Pradesh have already flagged rising rural supply as a key contributor towards rises in AT&C losses. Uttar Pradesh needs to connect 60,000 households per day to achieve 100% household electrification on time. Madhya Pradesh has cited rise in supply in rural areas due to inadequate rainfall as a cause for higher losses.

Under UDAY conditions, AT&C losses, which represent slippages through power theft and operational inefficiencies, have to be brought down to 15% by all participating states by FY19

UDAY was launched in November 2015 to turn around financially distressed electricity distribution companies (discoms), which is seen to be the primary condition for the success of the government's 100% household electrification scheme and renewable energy programmes.

In line with what power minister RK Singh told in an interview to FE last year, the draft amendment to the National Tariff Policy, 2016, released by the power ministry on May 30, proposed that AT&C losses of more than 15% cannot be passed through to consumers by raising tariffs, potentially adding more pressure on the finances of discoms.

## **Discom losses plunged to Rs.17,352 crore in FY18, says power minister**

**Livemint : June 6, 2018**

Power minister R. K. Singh said the growing electricity demand is an indicator of India's economic growth, and with the 10% rise in billed energy, the gap between the average cost of supply and average revenue realised is also narrowing

State-owned electricity distribution companies (discoms) have witnessed a substantial drop in their losses, power minister Raj Kumar Singh said on Tuesday. Discom's losses have narrowed to Rs17,352 crore in 2017-18 from Rs51,096 crore in FY16.

Before the introduction of the Ujwal Discom Assurance Yojana (UDAY) scheme, there were 211 divisions with losses of more than 40%, Singh said while highlighting the achievements of the four years of the National Democratic Alliance (NDA) government. This number came down to 194 in 2016-17 and 134 in the first nine months of the current financial year.

The Centre also said that Rs20,000 crore in interest costs was saved by discoms under UDAY, and the success of the scheme will be crucial for the long-term fortunes of the electricity sector, given that distribution firms are the weakest link in the electricity value chain. Poor payment record of discoms have adversely affected power generation companies and caused stress in the banking.



Singh said, growing demand for electricity is an indicator of India's economic growth, and with the 10% rise in billed energy, the gap between the average cost of supply and average revenue realised is also narrowing.

India's economy accelerated to 7.7% in the three months ended 31 March, the fastest in seven quarters, signalling a turnaround that could augur well for the election prospects of the Narendra Modi government.

The NDA government added 100 gigawatts (GW) of generation, with the energy deficit being reduced from 4.2% in 2013-14 to 0.7% in 2017-18. Singh also said that the KUSUM scheme, which promotes the use of solar power among farmers, will be implemented from next month.

All the proposed reforms, such as penalty on gratuitous load-shedding, not allowing losses of more than 15% as a pass through in tariff and limiting cross-subsidies, have included in the draft national tariff policy, which will come into force from the next financial year, Singh added.

While analysts welcomed the moves, they were apprehensive about its implementation. "These amendments propose significant reforms in the electricity distribution business," rating agency Icria Ltd said.

Singh said that the AT&C losses have come down to 19%.

"The policy proposes suspension of licence in case of non-availability of adequate power supply arrangements and imposition of penalty in case of disruptions in supply to consumers, except due to force majeure condition or technical faults," the statement added.

Singh also spoke about the State Bank of India-led plan to address the issue of stressed assets in the power sector that is termed Scheme of Asset Management and Debt Change Structure, or Samadhan. He also explained a new plan proposed by state-run Rural Electrification Corporation (REC), which is under consideration.

Under the Samadhan scheme, the debt burden is reduced to a manageable level by bank debt being converted into equity, thereby readying the projects to be bid out.

About REC's scheme, Singh said, "The attempt is to make sure that the assets which can be salvaged are salvaged. The attempt is to make sure that assets are not sold for a song."

A total of 34 coal-fuelled power projects, with an estimated debt of ₹1.77 trillion, have been reviewed by the government after being identified by the department of financial services. Issues faced by these projects include paucity of funds, lack of power purchase agreements and absence of fuel security.

Singh added that the government didn't want assets that are complete and constructed at a cost of ₹5 crore per MW to be sold off at ₹1 crore per MW or ₹2 crore per MW because the people who will buy it at such throwaway prices will make a killing.

Non-performing assets (NPAs) in power generation accounted for around 5.9% of the banking sector's total outstanding advances of ₹4.73 trillion, according to the second volume of the Economic Survey 2016-17 released in August.

"The 'warehousing' scheme proposed by REC is to ensure that the stressed projects are adequately taken care of and get healthy once the demand for the electricity kicks driven by the upward economic trajectory. It may also involve setting up a special purpose vehicle," said a government official aware of the scheme requesting anonymity.

Singh, who is also the minister for new and renewable energy said that around \$42 billion investment was made in renewable energy in India over the last four years. Also, solar energy capacity increased by over eight times from 2.63GW in 2014 to 22GW. Wind energy capacity also increased by 1.6 times from 21GW in 2014 to 34GW.



## **Discoms saved Rs 20,000 crore, Power line projects worth Rs 48,427 cr awarded in 4 yrs: Govt**

The Economic Times : June 5, 2018

*More than Rs 20,000 crore interest cost saved by Discoms under Ujjwal Discom Assurance Yojana, the ministry said.*

The government has awarded power transmission projects worth Rs 48,427 crore since 2014, power distribution companies have saved Rs 20,000 crore in interest cost and the power ministry's star labelling programme has helped save Rs 22,500 crore worth of energy over the period. These figures are part of the list of 4 years' achievements of the Modi government shared by the power ministry.

"1 Lakh Megawatt of generation capacity added; 26 projects worth Rs 48,427 crore awarded through tariff-based competitive bidding; More than Rs 20,000 crore interest cost saved by Discoms under UDAY; 30 crore LED bulbs distributed under UJALA resulting in saving of Rs 15,500 crore per year; Star-labelling programme saved energy worth Rs 22,500 crore," the power ministry said in a statement.

It added that India has emerged as a net exporter of electricity and the country's energy deficit has dropped from 4.2 per cent in 2014 to 0.7 per cent in 2017-18. The ministry also said the country has achieved 100 per cent village electrification as a result of the implementation of Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY) with an outlay of Rs 75,893 crore.

On electric mobility, the government also listed as achievements its guideline clarifying no requirement of license for setting up charging stations and the programme of procurement of 10,000 electric vehicles for government institutions.

The ministry also said it has distributed 1.070 billion LED bulbs over the four-year period and under the roadmap for round-the-clock power supply, the states are ready to ensure 24X7 Power for All from April 2019.

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