



TECA – NEWS CLIPPING

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

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HAPPY NEW YEAR 2016

ஜனவரியில் மின்நுகர்வோர் குறைதீர் கூட்டங்கள்

தினமணி: January 2, 2016

திருநெல்வேலி மாவட்டத்தில் ஜனவரி மாதத்தில் 7 இடங்களில் மின்நுகர்வோர் குறைதீர் கூட்டங்கள் நடத்தப்பட உள்ளது.

இதுதொடர்பாக தமிழ்நாடு மின்சார வாரியத்தின் திருநெல்வேலி மின்பகிர்மான வட்ட மேற்பார்வைப் பொறியாளர் கி.செல்வகுமார் வெளியிட்டுள்ள செய்திக்குறிப்பு: திருநெல்வேலி மாவட்டத்தில் மின்நுகர்வோரின் குறைகளைத் தீர்க்கும் வகையில் மேற்பார்வைப் பொறியாளர் தலைமையிலான மின்நுகர்வோர் குறைதீர் கூட்டங்கள் 7 இடங்களில் முறையே முற்பகல் 11 மணி முதல் நடத்தப்பட உள்ளது. இதில் மனுக்களை அளித்து குறைகளை நிவர்த்தி செய்து கொள்ளலாம். அதன்படி ஜனவரி 5ஆம் தேதி சங்கரன்கோவில் கோட்ட அலுவலகத்திலும், 8ஆம் தேதி திருநெல்வேலி கிராமப்புறம் கோட்ட அலுவலகத்திலும், 12 ஆம் தேதி கடையநல்லூர் கோட்ட அலுவலகத்திலும், 14ஆம் தேதி திருநெல்வேலி நகர்ப்புறம் கோட்ட அலுவலகத்திலும், 19ஆம் தேதி தென்காசி கோட்ட அலுவலகத்திலும், 22 ஆம் தேதி வள்ளியூர் கோட்ட அலுவலகத்திலும், 28ஆம் தேதி கல்லிடைக்குறிச்சி கோட்ட அலுவலகத்திலும் மின்நுகர்வோர் குறைதீர் கூட்டங்கள் நடைபெற உள்ளது என செய்திக்குறிப்பில் குறிப்பிடப்பட்டுள்ளது.

Tangedco continues to buy power at higher cost

The Hindu: December 31, 2015

The Tamil Nadu Generation and Distribution Corporation (Tangedco) seems to have little regard for its financial health, as it purchases power at higher cost even if it is available at a low cost.

There is also the complaint of Tangedco not following the Merit Order despatch of the Tamil Nadu Electricity Regulatory Commission (TNERC) regarding the power distribution company (discom) to take all steps to purchase power at the 'lowest-available cost'.

When the crude oil price has come down drastically, power corporations producing electricity using oil products like Low Sulphur Heavy Stock (LSHS) have been quoting prices as low as Rs. 4.27 per unit (excluding the fixed cost).

A copy of the price quotation, dated December 16, 2015, from a petroleum company shows LSHSD costing Rs. 20,294.67 per tonne.



However, Tangedco has been purchasing power from captive power plants on a short-term basis at a cost of Rs. 5.05 per unit (excluding the fixed cost).

Data available from the State Load Despatch Centre (SLDC) between December 17 and December 30 show that Tangedco has not made any purchase from Independent Power Plants which use LSHSD, whereas it has been purchasing power at a cost of Rs. 5.05 per unit from captive power plants through short-term power purchase averaging 20 million units per day.

S. Nagalsamy, a retired member of the TNERC, said not adhering to the Merit Order system by the discom and poor information sharing by SLDC could be cited as reasons for Tangedco opting for purchasing power at a higher cost. He faulted the Tangedco officials for not exploring all available sources for procuring power at low cost.

S. Gandhi of Power Engineers' Society of Tamilnadu (PESOT) blamed TNERC for remaining a mute spectator.

A senior official of Tangedco while confirming that low cost power was available denied the charge that the organisation had not been following the Merit Order system.

One nation, one grid & now, one price

Business Standard: December 31, 2015

First time in years, grid congestion down to nil, single price across India

After more than two years of synchronising the national power grid into one, December 29 was a red-letter day for Indian power network, with congestion coming down to nil. This was followed by a singular power price across the country of Rs 2.3 per unit in the power spot market, at least for a day.

This is also the lowest power price seen during this year. In December 2014, the price was Rs 3.21 per unit, hence, a massive fall of 25 per cent in a year. A day before the average price discovered was Rs 2.97 per unit, a decrease of about 67 paise per unit in a day, according to data shared by Indian Energy Exchange Limited (IEX) - one of the major power exchanges in the country.

The southern grid, which usually suffers from tepid power supply due to lack of transmission, saw supply improvement and also easing of the prices.

"The last time this happened was in 2010 but then the volumes were lower than now. But as the transmission capacity increases, the likelihood of it happening again also increases," said R K Mediratta, director (business development) at IEX. On December 31, 2013, southern region was synced with the central grid, thereby achieving one nation, one grid, one frequency as envisaged by state-owned PowerGrid Corporation.

DOING A POWER OF GOOD



	2014	2015	% chg
November avg (₹/unit)	3.01	2.67	-11
Dec 16	3.21	2.45	-24
Dec 28	3.21	2.97	-22
Dec 29	3.21	2.35	-25
Year's avg	3.59	2.81	-22

₹2.73* **₹2.35***
 per unit in south per unit in north

*Likely on Jan 1, 2016

Source: Indian Energy Exchange

However, power demand has not grown at same pace as generation, which has touched 290,000 megawatt (Mw) and there is a mismatch with transmission planning. Also, most of the states change their plans of power sourcing or don't buy at all. This leads to surplus on one network and deficit in another - the prime reason for congestion in the transmission network across the country. This also led to power price in the south touching Rs 11-20 a unit during summers. At present, the western region is stuck with overcapacity, but the southern states, which are grappling with supply shortages, are unable to use that power because they do not have the transmission capacity. Similarly, the power plants in east and central India await a transmission network to reach out to power deficit states in the north.

"A synchronised national grid has been created but it is still not sufficient. The south connectivity needs to be strengthened even more. Once that happens, there would be free-flow of electricity at the same price. Also, the power market would be governed purely by economic terms of demand-supply," said a power market expert in Delhi.

The price the next day though picked up the next day on Thursday and it is expected to touch Rs 2.73 a unit in south and Rs 2.35 a unit in north on January 1, 2016.

"Cheaper power is available but it is not supplied in regions where the demand is. The south-west and south-east power transmission needs to be strengthened. The situation in the north has eased, some outages did happen the next day. Nevertheless, it's a positive sign for the power market," said Mediratta.

PowerGrid plans to increase connectivity to both south and north region by double. The central government is also tendering out major transmission projects to ease power supply.

Power prices fall 22% in 2015

Business Standard: December 27, 2015

Peak demand months see massive price reduction with no takers

With 2015 seeing considerable improvement in fuel availability, the power supply position, as well as prices, eased considerably. Power prices fell by as much as 22 per cent in the spot market from a year ago, Rs 2.81 a unit against Rs 3.59 in 2014.

The power market witnessed a healthy reduction in prices in 2015 with increase in supply thanks to addition in capacity and generation during the year, said market analysts. The peak-demand months of June, July and August witnessed prices falling by 34 per cent, 27 per cent and 37 per cent, respectively.

According to the monthly report of the Central Electricity Authority (CEA), power generation between April and October 2015 was 646 billion units with energy deficit of 2.4 per cent. Generation during the corresponding period last year was 617 billion units, while energy deficit was 4.1 per cent.

MONTH-WISE PRICES (₹ per unit)

Month	2014	2015	% change**
Jan	3.14	2.82	-10
Feb	3.29	2.85	-13
Mar	3.03	2.82	-7
Apr	3.61	2.68	-26
May	3.28	2.62	-20
Jun	3.89	2.56	-34
Jul	3.76	2.74	-27
Aug	4.49	2.82	-37
Sept	4.18	3.68	-12
Oct	4.17	3.03	-27
Nov	3.01	2.67	-11
Dec	3.21	2.45*	-24
Year's avg.	3.59	2.81	-22

*Till Dec 16; **Negative sign depicts reduction
Source: India Energy Exchange

The fuel constraints, which prevailed in 2014, especially coal shortage, eased significantly in 2015. The average coal stock position has also increased to 21 days as on November 30, 2015 from seven days a year ago, said India Energy Exchange (IEX), one of the country's leading power exchange platforms. "The power demand was not very high during the peak summer months as well. Only in September did the market see peak demand of 153 gigawatt (Gw). More coal availability and 24 Gw capacity addition last year resulted in surplus capacity," said Rajesh K Mediratta, vice-president (business development) at IEX.

However, tepid demand from the beleaguered state power distribution companies has dampened the demand. According to CEA's October report, coal production during April-November 2015 has been 321 million tonnes (mt), an eight per cent increase over 295 mt in the previous year. However, there was no change in demand pattern.

"In 2012, when the peak demand was around 130 Gw, the cumulative installed capacity was 200 Gw. But, when the country added 80 Gw

capacity in the past three years, demand rose only by 33 Gw, offsetting the increase in power production," said a Delhi-based expert.

The Centre offered coal blocks to state and private sector power plants to the tune of 28,000 Mw. Cheap domestic gas was also made available to gas-based power plants totalling 14,000 Mw. According to IEX, inter-state transmission system congestion was eased significantly, especially towards the north. However, southern states continue to witness power deficit.

"The exchange lost 3,887 million units in 2014 compared to 2,445 million units being lost to congestion in 2015 (as on December 16, 2015)," said Mediratta.

Availability of power improves as generation outgrows demand

Business Line: December 31, 2015

Higher generation and slowdown in demand growth has resulted in better availability of electricity so far in winter 2015.

In November, electricity supply deficit dropped to 1.4 per cent as compared to 3.4 per cent in the same month last year. This is according to data available with the Central Electricity Authority (CEA).

Peak shortage between December 1 and December 28 has averaged at around 3,000 MW as compared to 5,000 MW in the same period last year.

This is according to the National Load Dispatch Centre. Data on the electricity supply deficit for December is not yet available with the CEA.



This trend has been there throughout the year. In the April-November 2015 period, the all-India demand was 2.6 per cent higher at 748,676 million units, while availability grew 4.4 per cent at 731,445 million units.

This resulted in electricity supply deficit coming down to 2.3 per cent as compared to 4 per cent in the same period last year.

While electricity exchanges trade a very small volume, the faster growing generation has put pressure on spot prices.

On December 29, the spot price of electricity on Indian Electricity Exchange was ₹2.38 a unit.

Increasing coal supplies resulting in higher thermal power generation have been a major contributor to the power supply position.

In November, power generation was marginally higher year-on-year at 85,276 million units. Further, between December 1 and December 22, the all-India electricity generation was 2.4 per cent higher at 63,226 million units as compared to 61,714 million units in the same period last year.

Coal India's rising production has helped in greater coal availability allowing thermal power plants to burn more fuel and generate more electricity. The company has produced 8.8 per cent more coal in April-November 2015 at 321.38 million tonnes.

On December 28, 2015 none of the coal-based power plants had critical levels of stock, or, less than seven days of coal supply.

On the same date last year, 52 out of 100 thermal power plants had critical levels of coal stocks.

Domestic power consumers to be categorized in AP?

Times of India: January 2, 2016

People in Andhra Pradesh are all set to experience an indirect burden as power companies have proposed categorization of domestic consumers. Citing anomalies in the present five-slab domestic tariff, power distribution companies have proposed a new three-tier structure, which is aimed at garnering higher revenue.

The annual revenue requirement (ARR) document presented to the AP Electricity Regulatory Commission (APERC) by discoms has clearly indicated that the domestic consumers hitherto divided into five slabs would be merged into three groups. The group A comprises the consumers, who have annual consumption less than 600 units. The group B consumers include those who have an annual consumption of over 600 units but less than 2,400 units. Those consuming more than 2,400 units in a year will fall in C category of consumers.

The discoms will categorise consumers on the basis of consumption during the previous year. The consumers will continue to be in the same group for the entire year. This means that even if the consumption is lower in winter and rainy seasons, consumers will have to pay a higher tariff if their total annual meter reading exceeds 2,400 units. Consumers will thus end up paying more for the power consumed. "Those who are bracketed in the more than 200 units per month consumption group will have to pay over Rs 7 per unit. The rate will be fixed for the total year," said sources in the energy department.

Those consuming more than 200 units per month now pay between Rs 800 and 850. But in the new grouping system, they end up paying Rs 1400 per month. According to AP Transco estimates, the categorisation of consumers will fetch an additional revenue of Rs 500 crore per annum.



The discoms have also proposed increase in security deposit from consumers from the present two months to 75 days. Now consumers are asked to deposit money equal to charges incurred for two months. The discoms have proposed to increase the deposit to mop up additional revenue of nearly Rs 75 crore.

Similarly , they have proposed to differentiate tariff for single and threephase supply .

Interestingly , the discoms have presented a rosy picture before the APERC by stating that there would be a surplus of 9,274 million units of power in 201617. They said 7,142 million units of power is available for sale. After meeting the estimated demand of 57,565 million units from the available power of 66,839 million units, AP will be left with surplus power. Availability of surplus power notwithstanding, power utilities have proposed a hike in the tariff in the name of providing quality power supply .The APERC will take a final decision on the requests made by the discoms in March.

Year End Review 2015: Indian Power Sector

Energy sector News in India: December 31, 2015

In the reform and restructuring front, various amendments are being brought in the Electricity Act and Tariff policy. Comprehensive state-specific action plans for 24x7 power to all homes are being prepared in partnership with respective states, encompassing generation, transmission and distribution.

The Power Ministry has signed a memorandum of understanding with various State Governments under its '**Power for all**' initiative that aims to cover the entire country. The Government is also implementing an ambitious INR 43,033 crore plan to supply separate electricity through separate feeders for agricultural and rural domestic consumption to ensure round-the-clock power rural households.

Also, INR 32,612 crore **Integrated Power Development Scheme** has been launched for strengthening sub-transmission and distribution systems. Plan is afoot to reduce transmission losses by 5 percent, which is significant and it stood at around 27 percent.

The Union Cabinet recently approved **Ujwal Discom Assurance Yojna or UDAY** to ease the financial crunch faced by power distribution companies. The scheme was launched to tackle debt of INR 4.3 lakh crore on discoms utilities besides measures to cut power thefts and align consumer tariff with cost of generating electricity. This is through four initiatives of improving operational efficiencies of DISCOMs, reducing power costs, decreasing interest cost of DISCOMs and enforcing financial discipline on DISCOMs through alignment with State finances.

Twelve states - Andhra Pradesh, Madhya Pradesh, Jharkhand, Rajasthan, Gujarat, Haryana, Punjab, Jammu & Kashmir, Uttar Pradesh, Himachal Pradesh, Chhattisgarh & Uttarakhand have given their in-principle nod to join UDAY as on 19 December 2015.

The Ministry of Power has taken several steps in coordination with State Governments.

- Capacity addition of 1,18,537 MW (including 88,537 MW conventional and 30,000 MW renewable) during the 12th Plan, i.e. by 2016-17.
- Construction of 1,07,440 ckm transmission lines and setting up of 2,82,740 MVA transformation capacity during the 12th Plan, i.e. by 2016-17.
- Preparation of State specific Action Plans for providing 24X7 Power For All (PFA) in partnership with the States.
- Strengthening of sub-transmission and distribution networks and segregation of agricultural feeders to give adequate and reliable supply and reduce line losses



through new schemes of Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Integrated Power Development Scheme (IPDS).

- Promotion of energy conservation, energy efficiency and other demand side management measures.
- New Scheme Ujwal Discom Assurance Yojana (UDAY) for operational & Financial turnaround of Discoms.
- Expeditious resolution of issues for facilitating early completion of generation and transmission projects.
- Providing support from Power System Development Fund (PSDF) for stranded gas based generation.

To curb carbon emissions and encourage energy efficiency in the country, National Programmes were launched on 5th January, 2015 to convert all conventional street lights with LED street lights and **Domestic Efficient Lighting Programme (DELP)** to provide LED bulbs to domestic households.

Electricity Generation

Power generation during the 2015-16 (April-November, 2015) is 739.915 BU showing a growth rate of 4.55% over the previous year same period. Coal based power generation during the current year is 561.423 BU showing growth rate of 6.4% over the previous year same period.

During 2014-15 against the generation target of 1023 BU, the achievement was 1048.4 BU registering Y-O-Y growth of 8.4%. The annual generation crossed 1 Trillion Units and registered highest growth in last two decades.

Generation Capacity Addition

The generation capacity addition during 2015-16 (April-November, 2015) is 9,466 MW against the annual target of 20,037. The capacity addition during the first 3 years and 8 months (1 April, 2012 to 8 December, 2015) of the 12th Plan is 70,480 MW which has not only exceeded the capacity addition of 54,964 MW of the entire 11th Plan (2007-2012) but also constitute 79.6% of the total 12th Plan target of 88,537 MW.

Out of 9,466 MW added during the period April-November, 2015, contribution of the thermal sector was significant at 7,616 MW (80.5% of the total). It includes NTPC's Bongaigaon (300 MW) and Vindhyachal Stage-V (500 MW) in Thermal and remaining 2 units of Koldam (200 MW each) in Hydro and NLC's Tuticorin (500 MW).

During 2014-15 against the target 17830.30 MW generation capacity of 22,566.30 MW was achieved. This was highest ever capacity addition in a single year (126.6% of target), registering a growth of 26% over the capacity addition in 2013-14.

Power Transmission

20,534 circuit kilometers (ckm) of transmission lines have been commissioned during the period April-November, 2015 against 14,685 ckm commissioned during the same period last year, thus having a growth of 39.8%. This is 86.6% of the annual target of 23,712 ckm fixed for 2015-16.

The overall increase in the transformation capacity has been 33,181 MVA during April-November, 2015 constitutes 65.7% of the target of 50,542 fixed for 2014-15.

The huge capacity addition coupled with higher generation and improve transmission capacity has resulted in considerably reducing the Electricity Energy Shortage from a level



of 7 to 11% during the last two decades to only 2.3% and Peak Shortage to 3.2% lowest ever during the period April-November 2015.

UDAY (Ujwal Discom Assurance Yojna)

The Ministry of Power has launched Ujwal DISCOM Assurance Yojna or UDAY on 5th November, 2015. The scheme provides for the financial turnaround and revival of Power Distribution companies (DISCOMs), and also ensures a sustainable permanent solution to the problem.

Under the scheme, state governments can take over 75 percent of their debt as of September 30 and pay back lenders by selling bonds and for the remaining 25 percent, discoms will issue bonds.

National Smart Grid Mission

The Government has approved the National Smart Grid Mission (NSGM) earlier this year. The mission is an institutional mechanism for planning, monitoring and implementation of policies and programs related to Smart Grid activities. The total outlay for NSGM activities for 12th Plan is INR 980 crore with a budgetary support of INR 338 crore.

The major activities envisaged under NSGM are development of smart grid, development of micro grids, consumer engagements and training & capacity building etc. NSGM entails implementation of a smart electrical grid based on state-of-the art technology in the fields of automation, communication and IT systems that can monitor and control power flows from points of generation to points of consumption.

Integrated Power Development Scheme (IPDS)

To facilitate State utilities to ensure quality and reliable 24x7 power supply in urban areas, the Government approved the IPDS with total outlay of INR 32,612 cr including budgetary support INR 25,354 cr. The main component of the scheme are strengthening of sub-transmission and distribution networks in urban areas, metering of distribution transformers/ feeders/ consumers in urban areas and IT enabling of distribution sector.

Scheme For Gas Based Power Plants

Government of India has sanctioned a scheme for importing spot RLNG for the stranded gas and partly stranded gas based plants selected through a reverse e-bidding process. The scheme provides for financial support from PSDF (Power System Development Fund). The outlay for the support from PSDF has been fixed at INR 7500 crores.

Energy Efficiency

A three year action plan has been chalked out with a set of concrete measure to enhance the energy savings from current level of 6% to 10% by 2018. The government launched the 100 cities National Programme on 5th January, 2015 to convert all conventional street lights with LED street lights and Domestic Efficient Lighting Programme (DELP) to provide LED bulbs to domestic households.

Under the Street Lighting National Programme (SLNP), 303 Urban Local Bodies (ULBs) have been enrolled. Replacement of conventional street lights with energy efficient LED street lights have been completed in 20 ULBs in States of Rajasthan, Uttar Pradesh, Andhra Pradesh and Tripura. More than 4 Lac conventional street lights have been replaced with LED lights.

Under Domestic Efficient Lighting Programme (DELP), 186 cities/towns have been enrolled. As on 18th December 2015, EESL has successfully distributed more than 3.90 crore LED bulbs across India.



MOUs

Memorandum of Understanding (MoU) was signed between India and the Republic of Korea on cooperation in the field of electric power development and new energy industries. It will provide an enabling framework for establishing contact between governmental entities and public authorities of both countries in the field of electric power development and new energy industries.

The Railway Ministry signed four MoUs with the Ministry of Power and its organisations for cooperation in areas of Electricity Transmission and Energy Conservation in a time bound manner.

Competition reason for congestion in transmission: I S Jha

Business standard: December 28, 2015

Interview with Chairman and managing director, Power Grid Corporation of India

More than ever before, transmission is at the heart of the government's power push. Despite a private-sector focus, state-owned Power Grid Corporation of India (PGCIL) is poised to play a crucial role in transfer of electricity over long distances. In an interview, **I S Jha**, the company's newly appointed chairman and managing director, tells *Shreya Jai* and *Jyoti Mukul* about the challenges and the way forward for the business of transporting power. Edited excerpts:

How crucial is transmission in the current power market?

Today, the power sector is in a very comfortable position as generation capacity has come up significantly. So far, transmission planning was matching and generation came up wherever there was load. The increase in generation capacity is good because we have power for tomorrow, but now the load does not match supply. The major reason for this is the poor health of electricity distribution companies, which restrict their drawl of power. In such a situation, the role of transmission increases.

There is also a mismatch. For instance, Chhattisgarh, Madhya Pradesh and Gujarat have surplus power and can supply to the northern and southern regions. If for one consumer, there is more than one supplier, then the transmission system is needed to facilitate competition.

But there are increased concerns of congestion in the transmission network. What steps are being taken to resolve this?

Congestion in the network is not because of missing transmission, but generation changed its direction of load. In that direction, transmission was not built according to the original plan. Planning was done according to the original flow of power. In the past five years, the situation has changed. States are replacing costly power with cheap power from other regions. By paying 25-30 paise on transmission, they are saving Rs 1-2 per unit of generation. This is good for competition and transmission will play the balancing act.

Similarly, in south India, lots of power plants were supposed to come up. At that point, they did not want power from Chhattisgarh. There is a generation lag of 7,000-8,000 megawatts (Mw) in the south. On other hand, Chhattisgarh, which was selling to the western region, built surplus power generation capacity. We have built more corridors in northern and southern regions. Congestion is a reality not because there is no transmission, but because of competition.

How is transmission being prepared to meet the mammoth target of renewable capacity addition?



There is a major challenge in integration of renewable energy. But, I think this is the right time for accelerating renewables as conventional energy today is in a [good] position. If solar power transmission is a standalone system, it would lead to a lot of fluctuations. So, we need to merge it with a large system. The gestation period of solar is too less. So, a big system can't be made for solar. We need smaller ones. That is what we have planned.

In a market which is opening up to the private sector as well, what are PGCIL's plans?

Out of our three streams of business - power transmission, telecom and consultancy, 97 per cent of our revenue is from transmission. Since 2011, we have bagged Rs 14,000-crore worth of projects through tariff based competitive bidding (TBCB). Projects worth Rs 70,000 crore were already being undertaken, including projects given by the central government recently on a regulated tariff basis. Going forward, PGCIL will continue to be a participant in the bidding process.

According to Central Electricity Authority (CEA) estimates, returns on TBCB are 10 per cent, while nomination projects give 15-17 per cent. Won't TBCB hurt the company?

These estimates are not really correct. Ask PFC [Power Finance Corporation] or REC [Rural Electrification Corporation], which bid out the projects. The last project that was tendered was estimated to cost Rs 7,000 crore, but the bids were less than half the project's cost. Our return on equity is 15 per cent, that too after commissioning of project on regulated tariff basis. We don't get any return on equity during the construction period and generally our internal rate of return (IRR) is 12-13 per cent. We are also, generally, on a similar rate of return in TBCB projects.

Is such an IRR sustainable?

Our gross assets are Rs 1.2 lakh crore and our annual turnover is Rs 18,000 crore, with a profit of about Rs 5,000 crore. The annual return is hardly four to five per cent over the asset base. There are three types of costs we consider [for] tariff bidding - material cost, construction, operating and maintenance cost for 35 years, and finance cost. We are a AAA [rated] company and we get [the] most competitive prices from the market. Some companies like Adani and Sterlite might get [prices] equal to that, but generally not others. Margin cost [of] PGCIL is not much. That is why we are competitive.

What is the status of the separation of the Central Transmission Utility (CTU) from PGCIL?

PGCIL as CTU is responsible for wheeling of power generated by producers and involved in planning transmission systems and operations. There is one committee [that has been] constituted by the Ministry of Power for recommendations on separation of CTU. In such an event, we will be able to expand our business, if we want, to distribution, solar power, power trading etc. In my opinion, CTU needs to be one company to take care of bidding, monitoring and planning. Currently, it is done by three different agencies.

21 states to join UDAY by March

Business Standard: December 29, 2015

Target-linked MoU designed, no benefits if discoms default

The Centre is hopeful of getting at least 21 states on board for Ujwal Discom Assurance Yojana (UDAY) reforms for state-owned power distribution companies before March 2016. The states that are ready to join in have also indicated that their fiscal strength would not take any major hit after UDAY is implemented, according to power ministry officials.



For the states that sign up for UDAY, one of the first steps is to take over 75 per cent of discom debt as on September 30, 2015 over two years - 50 per cent in 2015-16 and 25 per cent in 2016-17.

Power ministry officials said the state borrowing would be issued as non-statutory liquidity ratio state development loans. "The Centre and states are confident that these bonds would incite interest from pension funds, Life Insurance Corporation, public sector banks, and financial institutions," said the official.

With loans being part of the capital expenditure in the state's Budget, the Centre is hopeful of bringing down interest rates further.

This comes amidst reports that the combined Centre-state fiscal deficit limit for 2015-16 could breach the level mandated by the Fiscal Responsibility & Budget Management Act.

Till now, 12 states have given in-principle approval to join UDAY. These are Uttar Pradesh, Andhra Pradesh, Jharkhand, Punjab, Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Rajasthan, Gujarat, Haryana, Madhya Pradesh and Chhattisgarh.

These states will sign a tripartite agreement with the Union ministry of power and discoms. Power ministry officials said the parameters of the agreement have been finalised with strict monitoring clause. The MoU lists out a slew of baits for the discoms if they meet the required operational efficiency. The parameters are divided into three parts: financial, operational and monthly monitoring.

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