Govt expedites steps to appoint new member for TNERC

The Times of India: February 12, 2016

With the model code of conduct for assembly polls expected to come to force by this month end, the state government has speeded up the selection process or the position of TN electricity regulatory commission (TNERC) member, after S Nagalsamy vacated the seat in September. The energy department that called or applications from prospective candidates has given a week's time, which ends on Thursday.

"The state government has constituted a selection committee (on February 2)," energy secretary N S Paaniappan said, announcing the selection process in a letter to chief secretaries of all states, ministry of power, law and justice, all central public sector undertakings, and electricity regulatory authorities.

The three-member selection committee is led by Justice T Sudanthiram, retired judge of the Madras high court. The others are TN chief secretary K Gnanadesikan and Central Electricity Authority chairperson Major Singh.

A former Tangedco official who worked as a deputy financial controller with the power utility is the top contender for the post, sources said.

The chartered accountant now works as a senior executive with an Andhra Pradesh-based private power generator. Activists say the commission should be apolitical and professional to bring in discipline in Tangedco, the state-run power utility .

"The performance of Tangedco is not satisfactory. Let the energy regulators rein in Tangedco, in accordance with the needs of the consumers," said M G Devasahayam, former chief of Haryana state electricity board. Nagalsamy , appointed by the previous DMK regime, issued dissenting orders in various cases.

TNERC seeks views from public on solar tariff

The Hindu: February 16, 2016

With the control period for solar power tariff ending at the end of March, the Tamil Nadu Energy Regulatory Commission (TNERC) has put out a consultative paper to issue a comprehensive tariff for the coming year. The commission is soliciting comments from stakeholders till March 3 before finalising the tariff.

Last year, the TNERC extended the control period – a timeframe for which a specific price per unit is given to solar power developers – from March 2015 till March 2016.

Under the existing control period, companies are paid Rs. 7.01 per unit for units set up till March 2016, an issue that had become a bone of contention late last year after the Adani Group announced its plans to set up a 648-MW plant in Ramanathapuram district. Under the current proposal, the TNERC is looking to adopt a price closer to what the CERC recommended in a draft order issued in December 2015 of Rs. 5.0132 crore per MW.

The Commission has proposed to adopt a capital cost of Rs. 5.05 crore per MW for solar photovoltaic projects and Rs. 12 crore per MW for solar thermal projects in the upcoming order.

"The pricing trend in the photovoltaic industry indicates continuous drop in cost of PV modules. There is also a decrease in the cost of invertors. With advancements in technology, higher capacity utilisation factors have been reported," the Commission argued in the consultative paper.

However, the tariff paid by Tamil Nadu has been in line with the recommendations of the CERC. With accelerated depreciation (AD), the CERC had recommended Rs. 6.35 per unit for solar PV, and Rs. 7.04 per unit without accelerated depreciation. Tamil Nadu's tariff with AD was Rs.6.28 per unit and Rs. 7.01 per unit without AD.

Tangedco plans major upgrade

The Hindu: February 16, 2016

The Tamil Nadu Generation and Distribution Corporation (Tangedco) plans new sub stations at 22 places in delta region, including four in Tiruchi district.

It is part of Integrated Power Development Scheme (IPDS), which is to be implemented in 522 statutory towns of the State.

In Tiruchi district, new substations, each 33/11 kV, will come up at Manaparai (Vidathilampatti), Kallakudy, Sirugamani, and Balakrishnapatty.

The Tangedco will set up sub stations at eight places in Thanjavur district. They are: Peravurani, Papanasam, Madhukkur, Ammapettai, Orathanadu, Veppathur, Swamimalai, and Melathirupathuruthi. In Pudukottai district, the new sub station will be established at Annavasal.

Three places such as Kulithalai, Aravakurichi, and Uppidamangalam in Karur district have been identified for installing 33/11kv sub stations. In Nagapattinam district, the substations will be set up at Thittacherry, Velankanni, and Kuthalam. Similarly, Tiruvarur district will have new station at Thruthuraipoondi.

A senior official of Tangedco told *The Hindu* that it would cost Rs. 40 crore for establishing 22 substations.

The cost of 2x8 mvA capacity sub station would be Rs. 2.12 crore. It was Rs.1.46 crore for 1x8 mvA sub stations. It had been planned to complete the installation work by August.

In addition to establishing new substations, the IPDS would cover strengthening of sub-transmission network (HT/LT lines), augmentation of existing substations, carrying out Repair and Maintenance works in existing substations, bay extension, and installation of capacitor banks and others. The scheme would cover replacement of 3.24 lakh existing electro mechanical meters by static meters.

Kerala, Karnataka to join UDAY scheme soon: Piyush Goyal

The Economic Times: February 15, 2016

Kerala and Karnataka have shown their willingness to come on board for UDAY scheme meant for reviving stressed discoms and will be soon joining it, Union Power minister Piyush Goyal said today.

"Kerala has taken two weeks time and they have confirmed that they are joining. Karnataka has asked for a few clarifications and will shortly be joining," Goyal told reporters on the sidelines of the Make in India Week here.

He said so far 15 states have joined the scheme.

UDAY aims at reviving ailing state electricity boards and operational efficiencies of power distribution companies.

It envisages on reducing interest burden, cost of power and aggregate technical and commercial losses (AT&C losses).

The minister further said Tamil Nadu has peculiar problem because they have discom, generation and transmission under one company and the government is working with the Centre to sort the issue.

"So, there are certain intricacies that need to be navigated, which we are doing with them," he added.

Goyal further said the government is also creating a framework to help 12 states and union territories, that don't have discoms but have utilities, to come on board.

Power to see Rs 68 lakh-crore investment flow in 15 years

Hindustan Times: February 16, 2016

The government will soon announce a new policy on coal swapping and is targeting a total investment of $1 trillion (Rs 68.07 lakh crore) in the power sector by 2030, including in coal renewables.

A policy to promote coal swapping — under which companies will be allowed to use coal from their captive mines, allocated for a specific steel or power plant, for another project — has been in the making since last year. Through this policy, the ministry is looking to increase power generation and raise savings by discarding obsolete power plants.

“We are coming out with a new policy on coal swapping. It is under discussion and we are engaging with stakeholders before we can take a final decision. We don’t want to do this in a hurry,” power minister Piyush Goyal said at the Make in India event.

While the long-term plan is to bring in investments of $1 trillion, the government has set an ambitious short-term target of fund flows of about $250 billion by 2020.

Investments in the power sector had fallen sharply during the previous UPA regime mainly due to a rise in coal prices and delayed environmental clearances for power projects, which discouraged private producers from building power plants.

“We are taking efforts to create one nation-one grid and for that, we have already created a capacity of 71% in 18 months in southern India, which has led to power costs in Tamil Nadu, Telangana, Kerala and Andhra Pradesh to fall drastically,” Goyal said.

A different framework is also being designed for 12 states and Union territories, so that they do not have to own distribution companies, which will be included under the UDAY scheme. In the electricity sector, the scheme will save `180,000 crore annually.

Ujjwal Discom Assurance Yojana, or UDAY, was formed to revive ailing electricity distribution companies. The scheme will see state governments take over 75% of discom debt, with the remaining covered by state government-guaranteed bonds issued by the discoms.

The government is also revamping ultra-mega power projects (UMPPs), one of the flagship schemes of the previous UPA regime. Goyal said the scheme was hit due to the faulty drafting of the bids. Banks were reluctant to finance UMPPs as project documents were not bankable. “We have got a senior team of experts to look at documents, which are in the public domain. We will go to the Cabinet for approval of new documents,” the power minister said.

Speaking on improved prospects for Coal India, Goyal said the state-run company saw production growth of 6.9% last year, with 32 million tonnes being the increased production, higher than last four years put together. This has led to reduced coal imports

Cheap imports, costly power choke secondary steel units

The Economic Times: February 15, 2016

Cheaper imports, low demand and high electricity tariffs have forced steel mills in many states to shut.

The ones operating are being run at sub-optimal levels and are on the verge of closure even as the government seeks to take its ambitious Make in India programme forward. Owners of auxiliary steel industrial units in Punjab, Maharashtra, West Bengal and Madhya Pradesh said easier access to low-cost electricity from spot markets could have helped them stay open.

The situation is also grave for other energy-intensive industries such as textile and cement plants in many states.

Prices in the spot markets have fallen to less than a rupee per unit in non-peak hours, while the average price is Rs 2.2 per unit.

More than half the induction furnaces in Mandi Gobindgarh, the hub of secondary steel production in India, and the Ludhiana areas of Punjab have closed in the past few months.

The industry has touched its lowest point due to the slowdown in economic activities, said Sandeep Jain, president of the All India Induction Furnace Association.

"Demand for steel and related products is low since new projects in housing, manufacturing, auto and infrastructure sectors are not taking off," he said. "Cheaper imports from China and Korea have posed a threat to the domestic steel industry." Ancillary steel industries could have survived but for stringent regulations and additional charges on buying power from electricity exchanges, he said.

"The cost of electricity in Punjab is the biggest reason that is forcing industries to dismantle their projects," said Gopal Krishan Singh of the Mandi Govindgarh Furnance Association. "Some of the industries are moving to neighbouring states like Himachal Pradesh and Rajasthan for low-cost power."

Industrial power tariffs in Punjab are among the highest in the country Rs 9.33 per unit during peak hours at Rs 6.33 per unit in the daytime.

Punjab imposes various charges, including electricity duty, infrastructure development fund levy and octroi on industrial units besides wheeling charges and cross-subsidy charges on electricity consumption from spot markets.

This makes the electricity from the exchange costlier by about Rs 4 per unit, Jain said.

Electricity regulatory commissions of most states, including Punjab, Maharashtra, Rajasthan and West Bengal levy open access charges on their industrial consumers to deter them from buying from spot markets and protect their power distribution companies.

Open access is a reform announced in the Electricity Act 2003 that enables buyers to choose their source of electricity and giving them rights over transmission and distribution system for transfer of power.

State run power distribution companies fear losing their high-paying industrial consumers to spot markets.

In states such as Maharashtra and Gujarat, a few industrial consumers cross subsidise electricity access to millions of agricultural consumers, said Central Electricity Regulatory Commission ex-chairman Pramod Deo.

"It is a political issue," he said. "Open access cannot be implemented until the industrial consumers stop subsidising free power given by states to farmers."

The charges are highest in states like Tamil Nadu, West Bengal, Meghalaya, Andhra Pradesh, Punjab and Gujarat.

Many states have also put in place restrictive regulations on the amount of power that can be purchased from exchanges. Some states also ask their industrial consumers to choose between distribution companies and spot market power purchases.

Govt to tender solar power projects worth 4,431MW in February-March

Live Mint: February 16, 2016

Experts point out that due to the difficult fiscal position, the road may not be very smooth for the sector in the days ahead

With an eye on its ambitious target of 100,000 MW of solar power by 2022, the Central government is expected to tender solar power projects worth 4,431 MW across India in the February-March period.

Of the 4,431MW that the government is expected to tender in 60 days, starting 1 February, 3,156 MW will be tendered by the Solar Energy Corp. of India Ltd, while 1,050 MW will be by NTPC, 150 by the Bihar government and 75MW by the Central government's public sector units.

After coming to power in May 2014, the National Democratic Alliance (NDA) government increased India's solar power target from 20,000 MW to 100,000 MW by 2022. At present, India's total grid connected solar power is only 5,248 MW; of that, Rajasthan alone has 1,264 MW.

Till 1 January, a total of 15,177 MW has already been tendered by the Central and state governments. Projects that are likely to be commissioned this financial year are expected to total to around 12,161 MW.

Experts point out that due to the difficult fiscal position, the road may not be very smooth for the sector in the days ahead.

"The Indian government is expected to table the budget for 2016-17 on 29 February. Due to severe constraints on the government's fiscal position, room for new expenditure including spending on solar sector seems limited," said Vinay Rustagi, managing director of Bridge To India, a consulting and knowledge service provider in the renewable power sector.

While batting for intelligent use of the available fiscal resources, Rustagi said the budget is likely to approve funding for schemes that have already been announced. Some measures to promote the domestic manufacturing sector are also expected.

"Overall, the solar industry should not expect any significant funding support from the budget. If the government can rationalize the overall taxation structure and provide long-term visibility and certainty, that will be a major positive," Rustagi added.

Last month, the Union ministry of new and renewable energy (MNRE) said the government would soon unveil a new policy to promote manufacturing in the solar energy sector.

Since the time the government raised the target, there has been a huge buzz around the solar sector. India has witnessed a tariff drop from Rs.18 per kWh a few years ago to a record Rs.4.34 per unit quoted by Finland-based energy firm Fortum Finnsurya Energy for a 420 MW project in Rajasthan.

Save Energy. Save Money. Save the Planet