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

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Prospects may not be bright for rooftop solar unit users

The Hindu : April 17, 2017

Tangedco's plan to do away with concessions for those with rooftop solar units generating power for the grid has disappointed low tension solar power installers, who say the move will affect them financially.

At present, under the bi-directional net meter connection system, the net consumption of electricity would be arrived after subtracting from the total units consumed the units of solar power pushed to the grid. This helps in saving power cost.

In a State where there is a graded tariff based on the number of units consumed, this seemed to be of huge benefit to consumers. For instance, if a home had consumed 501 units of power, and had a rooftop solar installation that had produced 50 units of power for the grid, then the bill for that house would be calculated for 451 units only. The rate for 501 units is about Rs. 2,300, whereas, the rate for less than 500 units could be only Rs. 1,200, resulting in a substantial saving for the household.

Feed in tariff

Tangedco's current proposal to introduce 'Feed in Tariff' — fixing a different rate for solar low tension power producers — will put paid to this level of savings. As per the new strategy, if cleared, the number of units consumed will not factor in the units of solar power let into the grid by a home or a school. Instead, they would have to pay, in case of the above instance, for the 501 units consumed. As for the power they send to the grid, a lower rate will be fixed and the amount (calculated by units) will be credited to the generator.

Though Tangedco's petition for the implementation of the new system is yet to be taken up for hearing by Tamil Nadu Electricity Regulatory Commission, the move has confirmed the fears of solar installers who were wondering about the reasons for the delay in the installation of net meters for several roof-top solar plants.

Several solar installers, having set up rooftop solar plants, have been claiming that they are unable to connect the plants with the electricity grid because of non-availability of net meters. Similarly, several low tension consumers, both domestic and commercial, say the shortage of net meters is causing a delay in completing their solar plant projects. Aggrieved consumers complain that despite their heavy investment on rooftop panels, now that there is a delay in providing government subsidy, they are unable to actually reap any of the benefits — either financially or in terms of savings in power consumption.

A senior official of Tangedco, denying that there was shortage of net meters, says only a few applications for net metering are pending.

He says several technical factors have to be weighed in before connecting to the grid such as the need for assessing the load of the transformers by the concerned local officials, as solar power could not be loaded more than 30 per cent with the electricity grid in a particular transformer.



The senior official says they decided to go for the 'Feed in Tariff' system for rooftop solar plants after taking into consideration the falling solar prices. He said: "Net metering is proving to be a loss for us when it comes to commercial connections and so, the proposal was moved with the TNERC."

K.E. Raghunathan, Managing Director, Solkar Solar Industry, recalled the TNERC's order dated November 13, 2013, which sought to encourage large scale solar power plants in the State through the implementation of a solar roof-top net metering policy. However, the proposed introduction of the 'Feed in Tariff' system at a time when installers are already shying away because of delay in getting net meters would sound the death knell for the solar industry.

Several solar installers point out a recent comprehensive tariff order from TNERC indicates that the total connected load of solar power (from low tension generators) was roughly around 15 MW only. So, even if the net metering system continues, the electricity department is likely to suffer much losses, the solar installers point out, besides underlining the fact that the State government should be going in for more clean energy projects.

Power subsidy turns cash, will go to bank accounts

Times of India : April 14, 2017

In a few months, power consumers in Chennai will get their power subsidy credited to their bank accounts similar to that of cooking gas subsidies.

State power utility Tangedco is all set to submit a proposal to the Tamil Nadu Electricity Regulatory Commission (TNERC). Once it's approved, the facility would be introduced in Chennai as a pilot project. " As per the smart city proposal, power subsidy must be deposited directly into the consumer's bank account. Chennai city consumers will be the first to have this facility. Before the project is rolled out, accounts of power consumers will be linked to their respective bank accounts," said a senior Tangedco official.

Domestic power consumers in TN get two types of subsidies from the government. Soon after the tariff was increased in December 2014, the government said there would be no tariff hike for domestic consumers up to 500 units. Similarly, soon after winning the assembly election in 2016, the then chief minister J Jayalalithaa announced that first 100 units consumed by domestic consumers would be free of cost. In both these cases, the consumers will have to first pay the full amount without any subsidy . The government will subsequently credit the subsidy in the consumers' bank accounts. Tamil Nadu government had to pay `8,131.56 crore to Tangedco as subsidy for domestic consumers, farmers and huts last year. In the current year, the budget has estimated the subsidy to be `8,538.14 crore.

"It may be bad news for consumers as they will have to pay out of their pocket at the first instance. But for Tangedco, its cash flow will be better, because the government provides subsidy only towards the end of the financial year. We suffer cash crunch during a major part of the year," said the official.

There are 1.92 crore domestic consumers in Tamil Nadu. Out of them, at least 75 lakh to 80 lakh domestic consumer connections are in Chennai city. "Out of the total revenue for Tangedco, nearly 60% comes from domestic consumers. As of now, the plan is only for Chennai city. Later, it may be extended to other cities that have proposals to develop smart cities," he said.

Karnataka increases power tariff by 8%

Business Line : April 11, 2017



The Karnataka Electricity Regulatory Commission (KERC) has allowed an average tariff increase of 53 paise per unit (ranging from 20 paise to 55 paise per unit, including fuel adjustment charges of 5 paise per unit) for all the categories of consumers.

The Commission has also allowed a marginal increase in fixed cost in the range of ₹5 per KW/HP/KVA to Rs. 20 per KW/HP/KVA on all the LT & HT consumers. The overall increase in tariff is 8 per cent as against 25 per cent increase sought by the Escoms – Bescom, Mescom, Cesc, Hescom, Gescom and Hukeri RECS.

Revenue gap

MK Shankaralinge Gowda, Chairman, Karnataka Electricity Regulatory Commission, said, "The tariff increase was necessitated by the revenue gap of Rs.2,296 crore in FY16, which accounted for about 42 paise per unit. This is on account of increase in power purchase costs."

The Escoms had sought a uniform tariff increase of Rs. 1.48 per unit for all categories. They also sought approval for collection of fuel adjustment charges (FAC) of 22 paise per unit to be collected during April-June, 2017.

Domestic charges

In Bescom areas, the fixed charges have been increased in the range of Rs. 5/KW to Rs.10/KW for domestic category. KERC has granted the Bescoms' plea for increase in demand charges and decrease in energy charges for HT consumers, besides introducing "telescopic tariff" for domestic consumers.

In Bescom urban areas, three additional slabs have been created. For consumption of 201-300 units, the tariff is increased from Rs. 6.90 to Rs.7.30 per unit. For consumption of 301-400 units, it is up from Rs.6.90 to Rs.7.35 and for consumption above 400 units, from Rs.6.90 to Rs.7.40 per unit.

In Bescom semi-urban and rural areas, two additional slabs have been introduced. For consumption of 201-300 units, the tariff is increased from Rs.6.40 to Rs.6.80 per unit and for consumption above 300 units, the increase is from Rs.6.40 to Rs.6.85 per unit.

In the rest of the state, for domestic consumers in urban areas, the tariff for monthly consumption of up to 30 units is increased from Rs.3 per unit to Rs.3.25 per unit and for consumption between 31 and 100 units, the tariff is increased from Rs. 4.40 per unit to Rs.4.70 per unit.

The tariff for monthly consumption of 101-200 units is increased from Rs.5.90 to Rs.6.25 per unit. The tariff for monthly consumption of above 200 units is increased from Rs.6.90 to Rs.7.30 per unit.

For the domestic consumers in rural areas, the tariff for monthly consumption of up to 30 units is up from Rs. 2.90 to Rs. 3.15 per unit and for consumption between 31 and 100 units, from Rs.4.10 per unit to Rs.4.40.

The tariff for monthly consumption of 101-200 units is increased from Rs.5.60 to Rs.5.95 and for those above 200 units, from Rs. 6.40 to Rs.6.80 per unit.

Govt to replace 7.7 GW old power units with efficient plants

Money Control : April 17, 2017

"The government has identified 7,738 mw inefficient thermal plants, which would be replaced with supercritical units, to conserve scarce natural resources like land, water and coal," a senior official said.



The government has identified old power projects totalling 7,738 mw capacity owned by the Centre and states for replacement with energy-efficient supercritical plants, which will generate a gross 18,560 mw.

"The government has identified 7,738 mw inefficient thermal plants, which would be replaced with supercritical units, to conserve scarce natural resources like land, water and coal," a senior official said.

According to the official, the replacement will result in creation of 18,560 mw of capacity as per the assessment of power generation utilities.

The move is expected to not just save natural resources, but help in boosting generation capacity of the plants. Taking an example, the official added that 440 mw of the Haryana Power Generation Corporation in Panipat will be replaced with an 800-mw energy efficient plant, which will almost double the generation capacity.

Breaking down the numbers, state power generation utilities have marked out 6,608 mw for the purpose, which will lead to creation of 16,580 mw.

The central utilities have marked 1,130 mw for replacement that will create 1,980 mw, going forward. According to power ministry estimates, as on March 31, 2016, the capacity of coal-based thermal plants that are more than 25 years old was about 37,453 mw, including 35,509 mw in the government sector and 1,947 mw in private space.

The official said the move towards energy efficiency and less-polluting technology makes more sense than renovation and modernisation and will yield long-term benefits.

The plan is being chalked out after stringent norms for thermal power plants were laid down by the environment ministry. The new guidelines for coal-based power stations were introduced in December 2015 to cut down emission of PM10, SO₂ and NO_x and improve ambient air quality around plants.

The ministry for the first time had fixed SO_x and NO_x norms for such stations and mandated that plants must adhere to these guidelines by 2017.

According to industry estimate, the cost for technical changes at these plants could entail up to Rs 1.5 crore per megawatt. Besides, the domestic capacity to manufacture power equipment for the upgrade is not more than 15 gw a year compared to demand of around 40 gw per annum for meeting SO_x norms alone.

Power deficit drops to less than 1% in FY17

The Economic Times : April 13, 2017

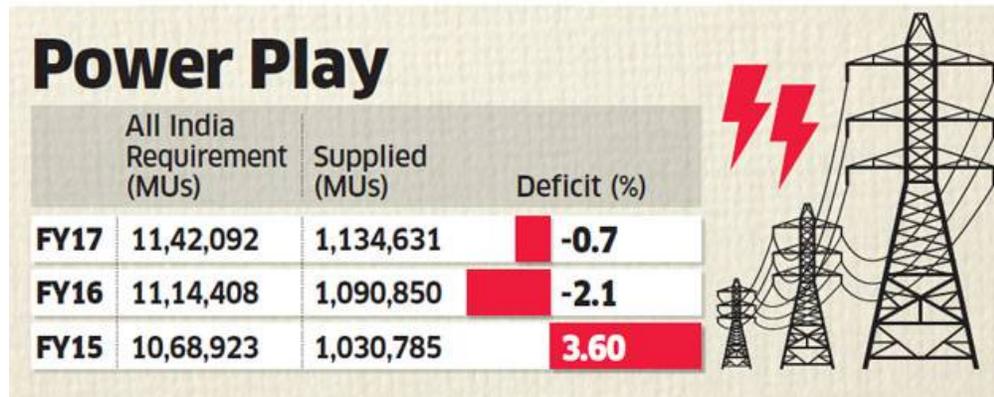
India's power deficit dropped to a historical low of less than 1% last fiscal, thanks to record electricity generation capacity added over the last few years, adequate coal stocks and transmission facilities, coupled with meagre growth in electricity demand.

A senior official in the Central Electricity Authority (CEA) said the deficit was lowest since the CEA started maintaining the reports in 1992.

Power deficit is calculated by states as the difference between electricity requirement raised by distribution companies and electricity supplied, and cannot be directly correlated to hours of power outages and the latent demand in unelectrified villages, the official said.

Debasish Mishra, Partner at Deloitte Touche Tohmatsu India LLP, attributed the low deficit situation to high generation capacity addition in the last five years even as "the growth in demand for electricity has been below expectations because of an industrial slowdown.

The demand-supply gap for power in the period between April 2016 and March 2017 was at 0.7%, down from 2.1% in FY16, CEA data showed. In March, the deficit was at 0.3%, the lowest for any month, down from 0.5% in February.



The All India electricity requirement grew 2.5% year on year to 11.42 lakh million units in the last financial year, CEA data showed. In FY16 the growth was 4.2% at 11.14 million units.

Mishra said the outlook for power sector was positive as the deficit has reduced from double digits in FY09 and FY10.

"Gone are the days when power sector was blamed for loss of 1%-2% GDP growth. First time in many decades, with ample and reliable power, the sector will be an enabler to economic expansion," he said.

However, the electricity demand is likely to increase in the summer months due to heat wave conditions, as reported by ET on Monday. The government's Vidyutpravah portal showed that power demand increased to 154 GW on Wednesday, pushing prices on the power exchange to Rs 4.2 per unit. The country has installed capacity of 319 GW.

All India peak energy shortage — the maximum demand requirement faced by the country — in last financial year was at 1.6%, down from 3.1% in the previous year.

The fall in power deficit levels may simply be due to lacklustre demand and poor attendant offtake. We do need a reformed market for power, complete with competitive tariffs and transparency in revenue generation and payback.

Instead of runaway populism and wanton revenue leakage, we need to change over to a system in which power subsidies are well targeted and duly budgeted upfront. We also need regular disclosure on the finances of state power utilities. The point is that weak bottom lines of state distribution companies or discoms can stultify demand. There remains widespread energy poverty in India, and we do need proactive policy in place to boost the effective demand for power.

Government's coal reforms begin to pay off, reduce power costs

Times of India : April 17, 2017

Coal sector **reforms** initiated by the Narendra Modi government are beginning to pay. Initiatives to improve coal quality and efficiency in the supply chain have brought down the cost of power from coal-fired plants in spite of revisions in coal prices, central cess and railway freight in the last three years.

Decline in the cost of power has accrued mainly from power stations burning less coal to generate each unit of electricity on assured quality of domestic fuel.



According to government data, power stations are now burning 8% less coal than they used to three years ago for each unit of electricity. State-run NTPC, which accounts for 17% of all generation capacity in the country and is the key supplier to states, reduced its coal consumption by 5.5% in 2016-17.

NTPC's coal cost stood at Rs 2 per unit in 2014-15 and should have risen by 33 paise due to revisions in coal price, government cess and railway freight. Remarkably though, it stood at Rs 1.94 per unit for 2016-17. In other words, even after paying 33 paise more since 2014-15, NTPC's power costs 6 paise less today.

There is also import substitution worth Rs 23,349 crore, which saves fuel costs.

Since cost of coal makes up 54%-60% of the price charged by power producers and is passed on to consumers, coal consumption has a bearing on tariffs and environmental dividend in terms of emissions.

For discoms then, this actually means a saving of 39 paise per unit, taking into account the impact of the revisions, and translates into hundreds of crores of rupees.

Lower cost of power ultimately benefits consumers by way of lower tariff. That happens only in an ideal situation. In reality, discoms coping with sagging bottomlines and commercial losses may not be able to reduce monthly bills of consumers immediately. But they will find it hard to justify demand for tariff hike to state regulators. In the long run, however, cheaper power will result in lower tariffs once the discom reforms take root.

Progress made on UDAY has luster

Financial Express: April 17, 2017

While states have done well on bond issuances and a few other parameters, a lot more is needed for the scheme to meet its goals

Restoring the health of state discoms was a challenge the government could not have ignored if it was serious about its agenda of Power for All. And, if the claims of the Ministry of Power's Ujjwal Discom Assurance Yojana (UDAY) website are to be taken at face value, it has ensured a huge leap, what with 27 states joining the scheme and many starting to reflect the financial gains thereof. There is a caveat here though as experts believe the state discoms will have to improve their operational efficiency if they are not to fall into the debt trap again.

The on boarding of 26 states and one Union Territory is in stark contrast to just 10 states having joined the scheme in the same period last year. As of April 14, 2017, around 16 States had issued ₹2.32 lakh crore worth of bonds, which was 85.39% of the planned issuances of ₹2.72 lakh crore. The AT&C losses have come down to an average of 22.59%, while the gap between the average cost of supply and revenue realised has been reduced by 12 paise to 50 paise per kwh through cost realisation programmes, and tariff hikes.

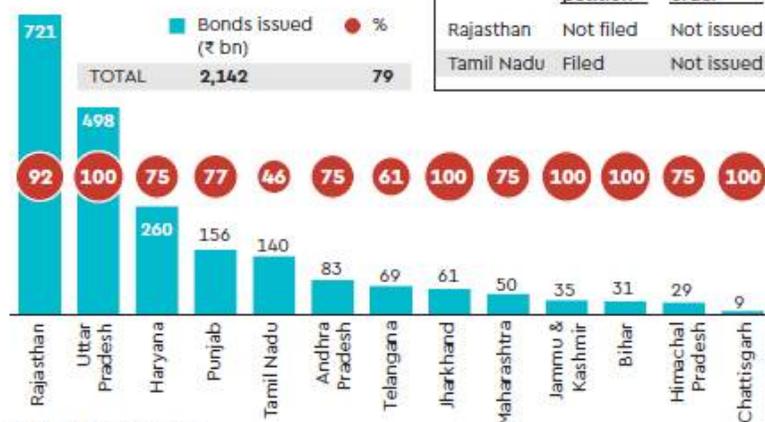
The government has also achieved 100% urban feeder metering and 97% rural feeder metering. However, the installation of distribution transformer meters (DTM), smart meters, and feeder segregation (separate agriculture and domestic lines) — an important constituent to measure electricity theft and AT&C losses — has not taken off as required.

States have managed to achieve only 2% of the smart metering target. Similarly, while the four states of Madhya Pradesh, Karnataka, Maharashtra and Gujarat have achieved 69% of the total target for feeder segregation, other states are yet to take up the exercise.

Experts believe these could be the major challenges in the way of the scheme achieving its stated objective of turning around all loss-making discoms. To achieve UDAY's objectives, states would require huge capital expenditure, especially on segregation of feeder lines.

According to a study conducted by the World Bank for Gujarat, feeder segregation would cost around ` 2.29 lakh per km of 11 kv line. "The only way discoms can control losses is by improving the efficiency of their operations. The AT&C losses will have to be brought to below 15%. Despite claims that the losses are falling, they are still close to 25%, and they don't look like falling to below 15% in the next four to five years," a senior partner with a foreign advisory firm says. In January, Jharkhand defaulted on its payments to DVC and Coal India.

Progress on bond issuance by various states



Source: Ministry of power

As regards the installation of smart meters, DT meters, and feeder segregation, the skill readiness of the utilities remains uncertain. "The standardisation for smart meters is not yet done. Every utility comes up with different specifications. Most important, the sanctioned cost is lower than what the lowest bidder will quote," Rohit Natarajan, Senior Research Analyst, IDBI Capital, says.

Arun Kumar Verma, joint secretary, Ministry of Power, who is overseeing the UDAY Scheme, however countered the opinion of experts. "These meters are not machines alone; there are other components such as communications and analytics attached to them. There is a strategy to be rolled out, and hence it's time consuming. Now the tenders have started to flow. Maharashtra and Andhra have issued tenders," he says.

"We have come far when it comes to distribution and transmission. As regards the default by the Jharkhand discom, it was a minor cash flow issue. Also, the NTPC head has gone on record to say that they do not have pending claims against any discoms now, which is a big achievement. I would just say the work is in progress and would be completed on time," Verma adds.

Save Energy. Save Money. Save the Planet

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