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

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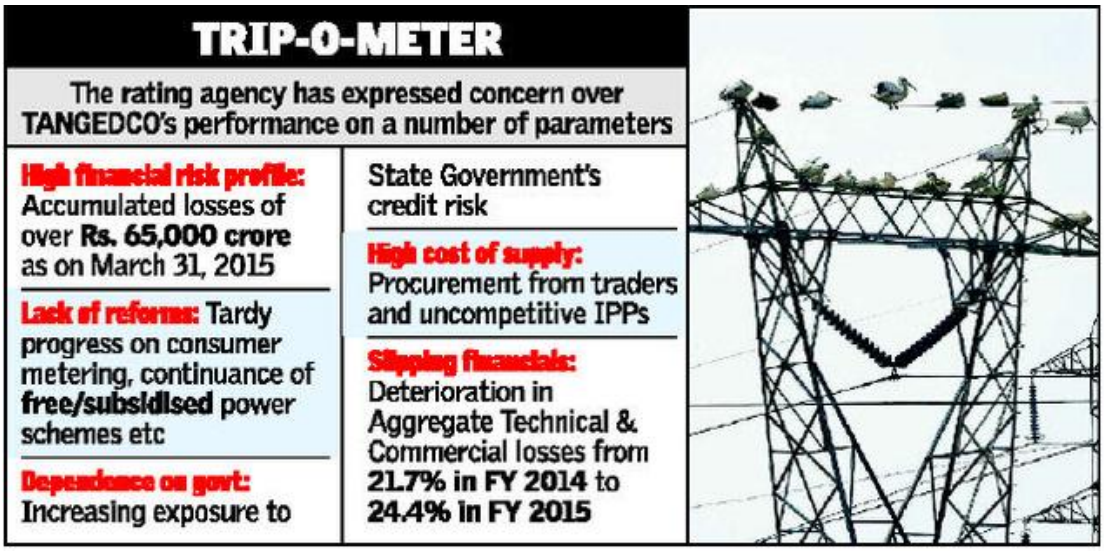
TANGEDCO ranking slips to 'C+'

The Hindu: July 4, 2016

Rating agency downgrades the power utility due to 'risky profile' and 'mounting losses'

Key concerns like huge cash losses, lack of power reforms and deterioration in Aggregate Technical & Commercial losses (AT&C) losses have forced a downgrading of Tamil Nadu Generation and Distribution Corporation Ltd (TANGEDCO) in the Annual Integrated Ratings of State Power Distribution Utilities.



TANGEDCO has been graded C + (score between 20 and 35 in the scale of 100) by the rating agencies as per the framework approved by Union Ministry of Power. As per the grading definition, C + means low operational and financial performance capability. TANGEDCO was graded B twice during the first and third integrated ratings.

According to a note accompanying the ratings, TANGEDCO, which has a "high financial risk profile with increasing cash losses, poor capital structure with accumulated losses of over Rs. 65,000 crore as on March 31, 2015," did not file a tariff petition for FY 2015, FY 2016 and FY 2017.

Lack of power sector reforms as reflected in unsatisfactory progress on consumer metering besides continuance of free or subsidised power schemes, substantial increase in dependence on tariff subsidy from the State government, which leads to the increased exposure of the credit risk of the State government for its functioning, are the other key concerns identified by ICRA, the agency.

It also pointed out that the AT&C losses, which stood at 21.7 per cent in FY 2014, went up to 24.4 per cent in FY 2015. "High average cost of supply due to the large quantum of power purchased from traders and from uncompetitive independent power producers; commissioning of the new plants and the resultant increase in own generating capacity or share of central generating stations would aid in reducing the supply costs," it noted.

The fourth Annual Integrated Ratings of State Power Distribution Utilities as per the framework approved by Ministry of Power submitted by ICRA Limited and Credit Analysis and Research Limited has rated 40 utilities across 21 States. The ratings by designated credit rating agencies ICRA and CARE on a range of parameters covering operational, financial, regulatory and reform parameters, however, did not cover State power or energy departments and private sector distribution utilities.

Electricity for all: States up additional capacity, but low demand keeps them stressed

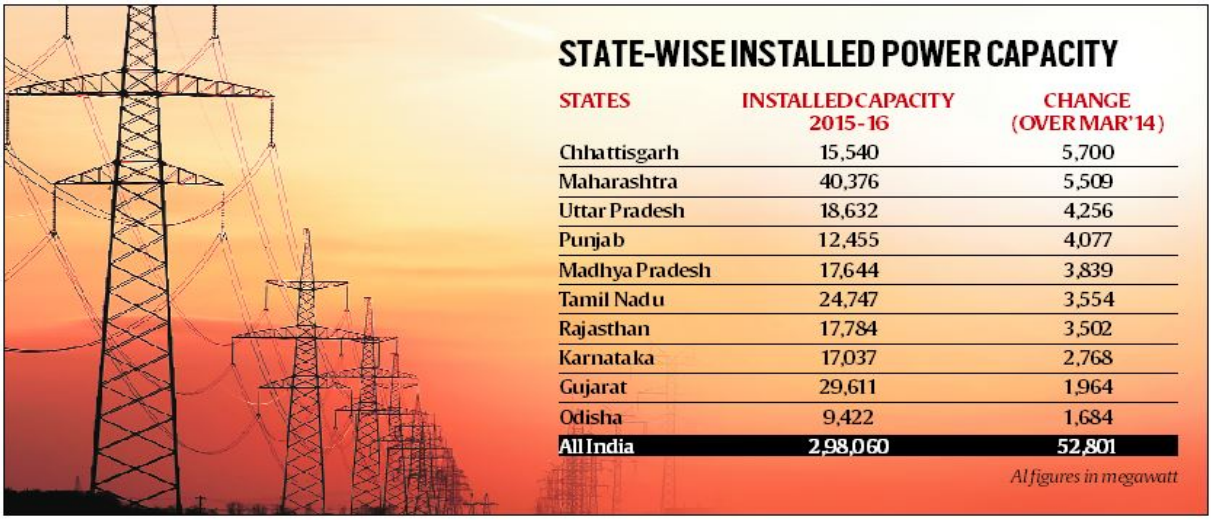
New Indian Express:June 29, 2016

Goa, Haryana and Punjab top in terms of per capita availability of power. While that of Goa stood at 3,511 kwh, the same for Haryana and Punjab stood at 1,871 kwh and 1,793 kwh.

With the government pushing for additional electricity capacity addition and power minister Piyush Goyal saying that all villages would be electrified by the end of 2016 — much before the previous deadline of May 2017— when it comes to newly installed capacity, some states have clearly taken a lead. According to the state-wise installed capacity data released by the Reserve Bank of India, while a total of 52,801 megawatt of additional capacity was installed over the last two years (after the NDA government came to power) six states alone contributed to more than 50 per cent of this capacity addition.

With an additional installed capacity of 5,700 MW, Chhattisgarh emerged as the top state, both in absolute and in percentage terms of capacity addition. The state, which had an installed capacity of 9,840 MW in March 2014, witnessed its capacity rise 58 per cent to 15,540 MW at the end of March 2016. The state also lifted its per capita availability of power from 736 kilowatt hours (kwh) in March 2014 to 990 kwh.

Maharashtra, Uttar Pradesh and Punjab follow Chhattisgarh in terms of adding installed capacity. While Maharashtra added 5,508 MW, UP and Punjab added 4,256 MW and 4,076 MW, respectively, over the last two years. The capacity addition is, however, not a two-year story and the pipeline for most of these added capacities were built five to six years ago.



STATE-WISE INSTALLED POWER CAPACITY

STATES	INSTALLED CAPACITY 2015-16	CHANGE (OVER MAR'14)
Chhattisgarh	15,540	5,700
Maharashtra	40,376	5,509
Uttar Pradesh	18,632	4,256
Punjab	12,455	4,077
Madhya Pradesh	17,644	3,839
Tamil Nadu	24,747	3,554
Rajasthan	17,784	3,502
Karnataka	17,037	2,768
Gujarat	29,611	1,964
Odisha	9,422	1,684
All India	2,98,060	52,801

All figures in megawatt

But rather than helping them generate revenue, the additional power capacity is bringing financial stress on the states since there is little demand for the added capacity. It has also led to a situation where the pipeline for new capacity is weakening as the demand is not encouraging power generators to built new capacity.

On the other hand, the low demand in the economy is posing a challenge for these states that have built a lot of these excess capacities, resulting into a situation of financial stress for them.

“The demand in the economy has softened and excess capacity addition is leading to cash stress for most of these states. There is a fixed cost involved with these power plants and the state government has to pay a fixed obligation to the contractual power generators who have built the capacity. Therefore, it is creating a significant challenge for them,” said Anish De, Partner- infrastructure and government services at KPMG. He also said that an unused or marginally utilised 1000 MW capacity results into a financial loss of anywhere between Rs 1,200 crore and Rs 1,500 crore per annum.

Some say that even as the per capita availability of power has jumped significantly, there are not many takers for the same and therefore the numbers don’t reflect the true story.

While at the all-India level, the per capita availability of power has gone up from 793 kwh in March 2014 to 901 kwh in March 2016 (witnessing a growth of 13.6 per cent), Chhattisgarh, Goa and Madhya Pradesh have witnessed their per capita availability of power grow by more than 25 per cent over the last two years. While Bihar has witnessed a 60 per cent jump in its per capita availability of power, it still stands lowest at 228.8 kwh and is much below the national average of 901 kwh. Jharkhand was a shade better at 229.5 kwh and that of Uttar Pradesh stood at 466 kwh witnessing a 14 per cent rise over the last two years.

Goa, Haryana and Punjab top in terms of per capita availability of power. While that of Goa stood at 3,511 kwh, the same for Haryana and Punjab stood at 1,871 kwh and 1,793 kwh.

Gujarat discoms lead the pack in annual rating - UP, Rajasthan laggards; subsidies and mounting losses cited for sick status

Business Standard : July 5, 2016

Of the 40 state-owned power distribution companies (discoms) that the power ministry audited for annual financial and operational performance, four discoms of Gujarat have topped the list, for the fourth year in a row.

According to the power ministry’s report, reviewed by Business Standard, no other discoms from any state have got an A+ rating, like the utilities of Gujarat. Paschim Gujarat Vij Company Limited, which has got A rating, shares the slot with electricity supply companies of Mangaluru, Bengaluru, Uttarakhand, Chamundeshwari (Karnataka) and Southern Power Distribution Company of Telangana. Among the laggards are the discoms of Uttar Pradesh, Rajasthan, Jharkhand, Tripura and Meghalaya.

Apart from ranking the discoms, the report also reviews the performance and cites reasons for the same, discoms-wise and overall inference for the power supply sector. For the discoms, the common thread of observation was the high level of aggregate technical and commercial (AT&C) losses owing to high distribution loss levels and moderate collection efficiency. This was accompanied with weak financial profile marked by high accumulated losses and high receivable and payable days.

Among the discoms that fared well, there was a significant improvement in AT&C loss levels in FY15 led by higher tariff realisation and lower cost of supply. Cost coverage ratio for 26 entities remained low due to substantial increase in expenses and non-cost reflective tariffs, says the report.

According to the report, tariff orders for FY16 for six utilities have not been issued. These include discoms of Kerala, Rajasthan, Tamil Nadu and Tripura. Tariff orders for Assam, Jharkhand, Maharashtra, Uttar Pradesh and West Bengal have been issued with significant delays.

Power output growth doubles to 9.5% in 2016

Business Standard : July 4, 2016

Goyal said there was 87% reduction in energy shortage in just two years

Power generation growth has been 9.5% this year so far, which is almost double of 5.65% achieved during a decade-long United Progressive Alliance (UPA) rule from 2004 to 2014.

The power generation growth was recorded at 5.65% between 2004 to 2014, 5.02% in 2012-14, 7.03% in 2014-16 and 9.5% in 2016-till date, Power Minister Piyush Goyaltweeted on Monday.

Goyal also said there was 87% reduction in energy shortage in just two years to 14 million units (mu), from 110 million units earlier.

According to Vidyut Pravah application to monitor power demand on the basis of data provided by states, the electricity deficit came down to 14 mu in July this year from 110 mu in the same month in 2014 and 62 mu in 2015.

Goyal also tweeted that power was available at rates below Rs 2 per unit on Sunday at exchanges across the country with no network congestion. "This reflects country moving towards One nation, One grid, One price," he said.

According to the application, power was available at Rs 1.8 per unit on Sunday in most states, including Jammu & Kashmir, Punjab, Delhi, Rajasthan, Uttar Pradesh, Madhya Pradesh, Andhra Pradesh, Telangana and Odisha.

The document indicated that the power is available across the country at Rs 2.31 per unit in most states.

As of Monday morning, the surplus power of 3,961 mw was available for states to meet their demand today. The total demand of 123 GW was met today compared with 112 GW Sunday, as per the data provided by the states.

India Set to Have First Power Surplus in at Least Eight Years

Bloomberg: July 4, 2016

India forecast an electricity surplus for the first time in at least eight years because of transmission improvements and more generation.

The country may have 1.1 percent excess electricity supplies in the year ending March 2017, according to the power ministry's Central Electricity Authority. A 2.6 percent surplus for the period is forecast for peak periods, when daily demand is highest. India's power deficit shrank to below 1 percent in May.

The narrowing gap masks unfulfilled demand in a country where one in five citizens don't have access to electricity and a market for back-up power thrives because of unreliable supplies. Prime Minister Narendra Modi's plan to light up every household by 2019 and boost manufacturing in the country are expected to help lift electricity demand.

"The overall surplus estimation, while skewed due to the position in Western region, demonstrates the progress India has made in resolving fuel and power generation issues," said Sambitosh Mohapatra, a partner at PwC India. "As the economy grows, financials of state utilities improve and rural electrification progresses, the surplus will get absorbed."

Though supplies may surpass demand at a national level several parts of the country may continue to face shortages, according to the Central Electricity Authority. Part of the reason is that money-losing state distributors curtail

power purchases and resort to blackouts. A plan to restructure their debt and make them profitable is underway.

Power demand during the current fiscal year is expected to grow 9 percent to 1.21 trillion kilowatt hours, while supplies are expected to rise almost 13 percent to 1.23 trillion kilowatt hours, according to the Central Electricity Authority.

India, home to a sixth of the world's population, accounts for about 6 percent of global energy use.

4,000 MW available in exchanges at around Rs 2 per unit: Piyush Goyal

The Economic Times: July 4, 2016

The minister also said power generation growth has risen to 9.5 per cent this year so far, as against 5.65 per cent during the ten-year period from 2004 to 2014.

With the power demand in summer at a peak, Power Minister Piyush Goyal said on Monday that electricity is available at exchanges across India, and without network congestion, at rates around Rs 2 per unit.

"Summer afternoon power check: 4,144 MW available at Rs.2.13/unit across India," Goyal said in a tweet.

"Check vidyutpravah.in," he added.

This site, notifying availability of electricity and its price, says a surplus 4,144 MW is currently available at power exchanges at the average market clearing price of Rs 2.13 per unit.

The minister also said power generation growth has risen to 9.5 per cent this year so far, as against 5.65 per cent during the ten-year period from 2004 to 2014.

The power generation growth was recorded at 5.65 per cent between 2004 to 2014, 5.02 per cent in 2012-14, 7.03 per cent in 2014-16 and 9.5 per cent in 2016-till date, Goyal said in another tweet.

"87% reduction in energy shortage in just two years (110 million units to 14 million units) vidyutpravah.in," he tweeted.

Meanwhile, the power ministry announced on Monday that a total of 152 villages in nine states were electrified during the week ended July 3 under the Deen Dayal Upadhyaya Gram Jyoti Yojna rural electrification programme.

At the state power ministers' meeting held in Goa last month, the central and the state governments resolved to meet the target of taking electricity to all villages by the end of this year, ahead of the original deadline of May 1, 2018.

Discoms pay off Rs 10,000-crore dues bringing down total outstanding amount by 45%, DVC, NHPC to benefit

The Economic Times: July4, 2016

Analysts said distribution companies' liquidity increased after about Rs 1 lakh crore of bonds were issued under the UDAY, which enabled some states to pay off debt amounts.

Power distribution companies, mainly in Jharkhand and Jammu & Kashmir, settled dues of about Rs 10,000 crore to central generation companies in April, bringing down total outstanding amount by 45% from Rs 22,000 crore in March.

Analysts said distribution companies' liquidity increased after about Rs 1 lakh crore of bonds were issued under the Ujwal Discom Assurance Yojana scheme, which enabled some states to pay off amounts owed to power suppliers.

UDAY scheme was approved by the Cabinet in November to help the financial turnaround of power distribution companies.

Power producers Damodar Valley Corporation, NHPC and SJVNL were the largest beneficiaries of UDAY.

Wired Up

UDAY bonds have eased liquidity

State	UDAY Bonds	Dues Settled
Rajasthan	37,350	150
UP	24,332	357
Chhattisgarh	870	0
Jharkhand	6,136	8,659
Punjab	9,860	101
Bihar	1,553	12
J&K	2,140	1,247
Haryana	17,300	-71
Total	**99,541**	**10,455**

Figures in ₹ Crore

Source: MoP & CEA

Jharkhand and Jammu & Kashmir paid about Rs 9,000 crore to these generating companies. These states have issued UDAY bonds of Rs 6,136 crore and Rs 2,140 crore, respectively.

"We had about Rs 8,000 crore of dues from Jharkhand State Electricity Board. This included Rs 4,500 crore as principal outstanding and Rs 3,500 crore as surcharge. After they had issued UDAY bonds, their financial position improved, allowing them to settle our dues," said an official from DVC.

Kolkata-based DVC, which is present in Jharkhand and West Bengal, has been under financial stress due to huge payment arrears by consumers.

Having received outstanding amount, DVC's financial position is expected to improve. "Jammu & Kashmir has also been able to settle dues that were long pending.

They settled a large part of their dues with NHPC," a senior analyst with one of the Big Four consulting companies said.

However, states that issued largest volume of UDAY bonds, including Rajasthan, Uttar Pradesh, Punjab and Haryana, did not see much change in outstanding positions over past few months.

"We expect to see dues of generating stations to decline and financial positions of discoms to gradually improve from this year onward. As the effect of UDAY come into play, dues are expected to reduce further," the analyst said.

Save Energy, Save Money, Save the Planet

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