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TNERC to take a call on wind energy banking in next order

The Hindu : March 31, 2018

Tangedco wants the facility removed in the wake of surplus generation

The Tamil Nadu Electricity Regulatory Commission (TNERC) said it would decide on the issue of wind energy bank in its next tariff order, after considering the views of stakeholders and based on its consultative paper.

The banking facility allowed captive wind power generators to sell their surplus to distribution companies. This policy was adopted by the State government long ago to promote clean energy.

Bone of contention

The Tamil Nadu Generation and Distribution Corporation (Tangedco) had filed a petition with the TNERC, seeking removal of the facility and change of banking period to the calendar year from the financial year. In a recent consultative paper, the TNERC said wind energy banking had remained a bone of contention between Tangedco and power producers. With the State becoming energy surplus, the Tangedco says it was recording losses because of the additional cost incurred on banking while wind energy generators, on the other hand, cited concerns about the investments made factoring in the banking provision, it added.

According to the consultative paper, of the 7,900 MW of wind energy capacity in Tamil Nadu, largest in the country, captive generation accounted for nearly 70% or 5,500 MW.

Based on Tangedco's submission and views of all the stakeholders, the TNERC would decide on the new norms for wind energy banking in the next tariff order.

The consultative paper suggested a slew of restrictions on the banking facility. "The rise in captive installation is a cause for concern with respect to the facility of banking of energy," the TNERC said in its paper.

Restrictions proposed

The commission has proposed that the captive wind power generators should restrict the installed capacity in such a way that the generation did not exceed the annual average demand after taking into account the figures for the previous two or three years.

The commission has suggested other options, including scrapping banking, but with deemed purchase of surplus power or banking facility with a restriction on timing from one month to 12 months, with various riders and charges.

It recommends removal of banking of energy for third party power purchases.

The TNERC pointed out that other States rich in renewable energy such as Andhra Pradesh, Gujarat, Maharashtra, Rajasthan and Karnataka had imposed more restrictions on banking of wind energy when compared to Tamil Nadu.

Tangedco faces dual problem of coal shortage & increasing power demand

Times of India : March 28, 2018

Tamil Nadu is facing a dual problem on the power front. While the coal stock on hand is hardly enough to meet power generation needs for a little over 8 days, the demand for power has been increasing steadily over the past few days.

Demand for power in Chennai alone touched a new high of 2,800MW on Monday evening and the overall demand across Tamil Nadu increased to 14,910MW, a new high for this year. Tangedco normally has coal stock that lasts for 15 - 20 days.

Tangedco officials told TOI that coal stock will last only till April 10 at the current rate of coal consumption, unless immediate steps are taken to increase the stock from Coal India.

Meanwhile, the power demand has been increasing due to domestic and agriculture consumption.

“The coal stock a week back was for 15 days but due to shortage of railway rakes, the stock has come down to 8 days which is lower compared to the average stock. If the demand continues to be high, we will need not less than 72,000 tonnes of coal per day and to evacuate so much tonnes, we need at least 20 rakes,” said a senior Tangedco official.

The coal shortage started last September after the south-east monsoon when the coal stock came down to less than 5 days for Tangedco. But after a few months, the situation became better, with chief minister K Palaniswami writing letters seeking increase in coal supply to Tamil Nadu.

“We are hopeful of managing the coal shortage problem in the next few days, as we have asked for more rakes to transport coal from mines. We need more coal to meet the summer demand,” said a Tangedco power generation official.

Meanwhile, the power demand has been increasing the last few days. “Across Chennai city, the domestic demand has increased as residents have started using air conditioners to escape from the heat, as the demand is peaking during the evenings,” said the official.

Besides the domestic demand, agriculture demand is also on the rise. “Demand from farmers has been on the rise as many in the delta are using motors to draw ground water,” said the official. On the contrary, there has been no increase in demand from industries. “Demand from industries is more or less static,” the official added.

On the supply side, Tangedco is sourcing power from some northern states as part of swapping scheme. On the nuclear power front, only one unit in Kudankulam is working and the second unit will re-start only in May,” said the official.

Delhi power tariffs slashed across all consumer categories

The Economic Times : March 28, 2018

The Delhi Electricity Regulatory Commission has reduced electricity tariffs for consumers across all categories in the state by up to 32%. Among the states that revised power prices for 2018-19 in the last three months Delhi is the first to slash electricity tariffs.

In its tariff order applicable for the year 2018-19, the commission has reduced electricity prices for domestic power consumption of up to 200 units per month by Re 1 per unit to Rs 3 per unit. Domestic power consumers consuming 200 units - 400 units of electricity per month will pay Rs 1.45 per unit lesser at Rs 4.50 per unit. However, fixed charges have been substantially raised across all categories.

Electricity consumption between 401- 800 units per month will be charged at Rs 6.5 per unit against previous tariff of Rs 7.30 per unit. Tariffs for non-domestic, industry and other category consumers have also been reduced.

With the revised tariffs, the three Delhi distribution companies - BSES Rajdhani Power Ltd, BSES Yamuna Power Ltd and Tata Power Delhi Distribution Ltd- are expected to earn revenue of Rs 9161 crore, R 5013 crore and Rs 6803 crore respectively in the next financial year.

The state has kept power tariffs unchanged in the last three years.

Helpless power sector to make India's summer stressful

The New Indian Express : March 29, 2018

With coal shortage at power stations, an early peak in demand, and the discoms struggling to keep electricity prices in check, India is poised to experience a dark summer in 2018.

While power project developers are already struggling for timely payments from the distribution companies, severe coal shortage is going to make this summer worse for the consumers. Government controlled distribution utilities, which are denying power producers to pay actual fuel costs, are paying huge premium to purchase more electricity from the spot exchange market this summer in order to make up for the shortage. Amongst the states that are the biggest buyers on India Energy Exchange presently, names such as Gujarat, Uttar Pradesh, Andhra Pradesh, Telangana, and Tamil Nadu are on the top.

A domino effect

Coal supply crunch and lower PLF have already resulted in 58% higher power prices on a yearly basis in March and doubled over the previous month in spot market. The average price on India Energy Exchange is presently more than Rs.4 for every unit compared to a modest Rs.2.6 last year. As for evening peak power, the average price had risen to its monthly high on March 14 at Rs.7.9 per kWh. Latest reports suggest that this figure stood at Rs.7 on March 21.

This rise in the prices has mirrored an early rise in demand, which has already gone up by almost 10,000 MW this month with the onset of summer, according to India Energy Exchange official to Quint Bloomberg. This is partly due to rising temperatures and also the increased watering of fields. If statistics are anything to go by, the country's peak demand has already hit 157,000 MW this month, which is 15% percent higher than a year ago, according to data on Central Electricity Regulatory Commission's website.

And while this could have been countered if the thermal power plants were working at their full efficiency, their coal stock, according to Central Electricity Authority website, was only 15,325 metric tonnes last week, which is about 44% lower than 2017. This is a devastatingly low number, and has resulted in the use of imported coal which is driving up the price of electricity even higher.

Therefore, there is no doubt that the power sector is passing through its worse phase since the producers have to purchase the cheapest coal and sell electricity at the lowest tariff while government run discoms are delaying the payments or denying the actual cost of fuel. This has resulted in a mighty struggle for developers of over 50,000 MW of capacity with an investment of Rs 3 lakh crore.

The mad scramble for procurement of power at exchanges is also resulting in frantic bidding by utilities and buyers looking to smoothen their distribution load. And while this does help them cover up their shortfall, it is putting them under massive operational losses. Thankfully, the Ujwal DISCOM Assurance Yojana launched in 2015 has enabled states to absorb a part of these losses and issue bonds for the remainder.

Yet, utilities still remain under losses of Rs.36000 crore, according to Power Minister RK Singh's written reply to the Lok Sabha. In a positive development, though, RK Singh also stated that the coal and the railway ministry will boost current target of 275 rakes per day to 280 by next year, and has also built up a 10-day surplus coal stock.

A bleak summer awaits

The only authorities that stand to gain from the higher prices on exchanges will be traders. For the rest, including the consumers, it is looking bleak.

For distribution companies, higher prices for traders means increase in their financial stress. Experts believe that instead of dealing with extreme seasonal changes in power prices, distribution companies should compensate power producers for their extra fuel costs and ensure power supply at a consistent and predictable rates to avoid surprises. After all, distribution companies find it difficult to pass on higher costs to consumers since power tariff is a political decision and the sector continues to suffer.

Moreover, the timing of this coal and power shortage couldn't have been any worse. With the demand from factories expected to increase as India's growth recovers from the setbacks of the cash ban and implementation of the nationwide Goods and Services Tax, the lack of power will prove to be a serious jeopardy. A shortfall in generation would also mean more outages due the demand-supply gap, more so in smaller towns and rural regions in India since Prime Minister Narendra Modi has already pledged to ensure electricity to about a fifth of 18 crore households still living in the dark. This will end up in further increase of demand, thereby adding to the shortage.

It is hoped, though, that consistent and predictable electricity cost will keep the power sector healthy on account of financial discipline.

Almost All Power Capacity Added In India In Q4 2017 Was Renewable

Clean Technica : March 29, 2018

Renewable energy technologies, led overwhelmingly by solar power, continued to lead in new power generation capacity installed in India in the fourth quarter of last year.

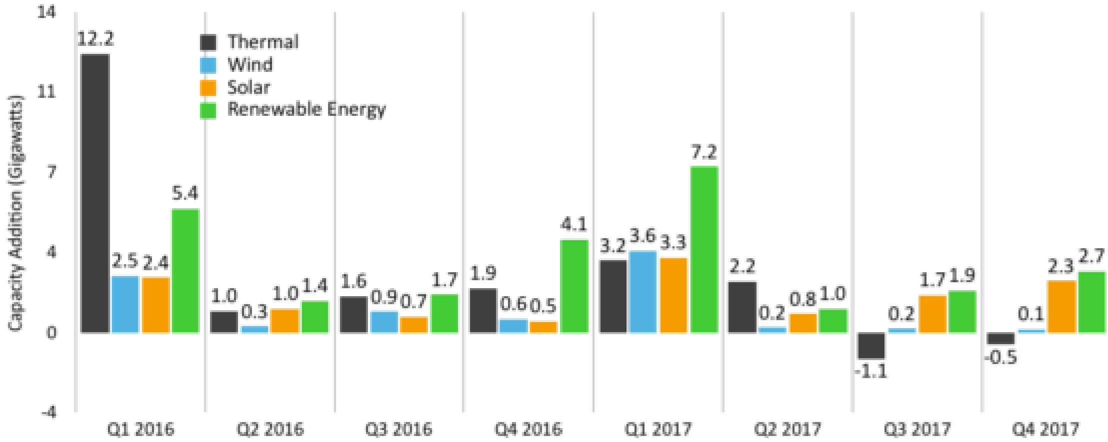
According to data released by the federal government agencies, more than 93% of the power generation capacity added in India between October and December 2017 was based on renewable energy technology. This marks a continuation in the trend seen in the third quarter last year when just over 92% of the power generation capacity added in India was based on renewable energy

The overwhelming share of renewable energy technologies in new capacity added speaks volumes about the rapid pace at which solar and wind energy projects are being commissioned and the sluggish to no growth seen in the thermal, primarily coal-based, power sector.

Of the 2,887 megawatts of new capacity added in Q4 2017, 2,689 megawatts was based on renewable energy technologies. None of the capacity added during the quarter was based on any fossil fuel technologies. Solar had a massive share of 79% in the total new capacity added while bioenergy projects was a distant second with 8% share. Large hydro and wind energy projects had a share of 7% and 5%, respectively. Small hydro power projects wrapped up the new capacity addition with a share of 1%.

technologies.

Trends in thermal and renewable energy capacity addition in India



Hydro power projects with an installed capacity of more than 25 megawatts are currently not classified as renewable energy projects in India. However, the federal government has been mulling a change in this classification for a long time.

In the third quarter, solar power had a share of 82% in net capacity addition. Wind energy had a share of 10%, while large hydro power projects registered a share of 8% in the net new capacity added.

The thermal power sector not only saw no new capacity added in the third and fourth quarters last year but witnessed a decline in installed capacity. India retired and permanently shut down 1,126 megawatts of thermal power capacity in Q3 and 490 megawatts of capacity in Q4 last year. This is the reason the total renewable energy capacity added in Q3 and Q4 has been more than the net new capacity added.

Against a net capacity addition of 879 megawatts in Q3 India added 1,854 megawatts of renewable energy capacity, including 1,657 megawatts of solar power capacity. And against a net capacity addition of 2,397 megawatts in Q4, India added 2,689 megawatts of renewable energy capacity, including 2,281 megawatts of solar power capacity.

Power companies see better margins on soaring summer demand

The Economic Times : April 1, 2018

Power companies expect better margins this summer owing to higher electricity demand on the back of rising temperatures earlier than previous years.

The short-term electricity tariffs discovered by state distribution companies seeking supply of power in the summer months have broken many years' record – at up to Rs 8 per unit. Short-term power prices have been hovering atRs 2-3 per unit levels in the last few summers. The prices touched a high of about Rs 10 per unit in the summer of 2009, also an election year. Before 2011, summer power prices were around Rs 6-7 per unit. After 2012, owing to the surplus generation capacity and subdued demand, the prices have been low.

However, this year, coal availability will be a key to power availability, said experts. Coal secretary Susheel Kumar told ET that coal in abundantly available. Power companies said though plants with power purchase agreements are getting coal as per the annual contracts the tariffs were high as many merchant plants were not able to bid for the short-term contracts due to lack of coal supplies.

Power secretary Ajay Bhalla said on an average, daily electricity demand in March was 10 GW higher than the demand registered in same month previous year.

“The coal-based generation has touched 123GW and the coal stocks are getting utilised fast,” he said. “Coal stocks at the power plants have improved to the level of 16 million tonnes with consistent efforts of the coal ministry, Coal India and the railways. Demand from farm sector has also been high. We have planned well for the year ahead, giving expected monthly coal demand data to both coal and railway ministries. We are also working on power plantwise expected requirement, which will be shared with coal and railway ministries.”

Weathermen have predicted harsh summer this year. The India Meteorological Department has forecast warmer-than-normal temperatures till May in various parts of the country. The summers have also approached earlier than the previous years with day and night temperatures above normal across many states.

Gujarat has tied up about 2,000-mw supply during April-June at tariffs ranging from Rs 4.79 per unit to Rs 8 per unit. The average price discovered is over Rs 5.5 per unit.

Punjab tied up short-term electricity supply during June-September at an average of Rs 4.5 per unit, while Haryana discovered tariff in the range of Rs 4.94 per unit to Rs 8 per unit.

The average tariff was about Rs 5.5 per unit.

“Demand is recovering and showing an upward trend,” Association of Power Producers director general Ashok Khurana said. “The recent price discovery of short-term bids for supply from April to October confirm this. Adequacy of coal supplies to meet growing power requirements would be the key this summer.”

Kumar said Coal India has a stock of 55.5 mt and power plants have a closing stock of 16.5 mt. “Next year’s supply schedules has been prepared. There is no need to worry. Let us hope power demand next year remains as robust as this year,” he said

Save Energy. Save Money. Save the Planet