

# TECA - NEWS CLIPPING

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

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## India likely to spend \$1 trillion on power by 2030: Piyush Goyal

Business Standard: February 12, 2016

India is expected to spend a whopping \$1 trillion (about Rs 65 lakh crore) by 2030 on ramping up its power infrastructure as one of the world's largest energy consumers aims to provide 24/7 electricity to its citizens.

The power sector in the country is at an inflection point and the focus is on developing an integrated outlook with transparent policies on tariffs and fuel pricing which enhance the ease of doing business, Power Minister Piyush Goyal said here.

"When the world is witnessing a depressed economic atmosphere and there is almost no growth, India is a shining spot. We will use this image and further strengthen it to invite countries such as Australia to invest in the country," he told PTI on the sidelines of the India-Australia Energy Dialogue.

India and Australia should come together and invest in several fields, with energy being an important dimension. India's focus is on LNG for power plants, coal mining, clean coal technologies, renewable energy, R&D as well as tie-ups with premier research institutes, he added.

"We are a very big and growing market. It is estimated that India will spend around Rs 65 lakh crore on the power sector in the next 15 years to meet its growing demands and providing clean, affordable and 24/7 electricity to its citizens," said Goyal, who also holds the Coal and Renewable Energy portfolios.

Goyal is leading a high-level government delegation to deliberate with Australian government and businesses on ways to increase their participation in India's power sector. An industry delegation, led by business chamber CII, is also accompanying the minister.

## PTC India: good show in a sluggish electricity market

Live mint : February 9, 2016

The volume growth rate for FY16, although in single digits, is commendable considering the overall sluggishness in the Indian electricity market

While demand is another major headwind the industry is grappling with, more proof that the company is on to a steady growth path can help improve the long-term performance of the stock, which is down 20% in the last one year.

Power trading solutions company PTC India Ltd's shares gained 1.65% on Monday, after the company reported a strong performance for the December quarter. It's a turnaround of a kind, as volumes grew after four consecutive quarters of decline. They increased a decent 25.6% from a year ago, as long-term trading contracts with several electricity producers came into effect.

These long-term power trading contracts offer better margins, compared with the exchange-traded volumes. With PTC India seeing more such contracts getting commissioned in the last quarter, profitability and operating profit saw a rise. Margins expanded 20 basis points and Ebitda (earnings before interest, taxes, depreciation and amortization) increased almost 15%. A basis point is 0.01%.

What's more, the volume growth may continue to be good in the current quarter too. Deepak Amitabh, chairman and managing director of PTC India, is confident the volumes will cross 40 billion units in the current fiscal year.

In fiscal 2014-15, PTC India sold 37 billion units of electricity. If indeed volumes cross 40 billion units, then annual growth and fourth quarter growth translates to 7.7% and 17%, respectively. That's better than the year-ago increases. The volume growth rate for the fiscal year 2015-16, although in single digits, is commendable considering the overall sluggishness in the Indian electricity market. Power generation this fiscal year till the end of January was up just 4.6%.

Further, PTC India expects the growth to be better next year also, helped by commissioning of new projects. One such project is Teesta Urja Ltd. As Teesta and more thermal contracts come on stream, the management sees volumes crossing 45 billion units in two fiscal years. "Commissioning of projects like Teesta Urja (1,200MW), Moser Baer (361MW), DB Power (250MW), Maruti Clean (250MW) and TRN Energy (390MW) in FY17/18 will boost volume and margin, as all these capacities are tied up under long-term tariffs, where margin is higher," Antique Stock Broking Pvt. Ltd said in a note.

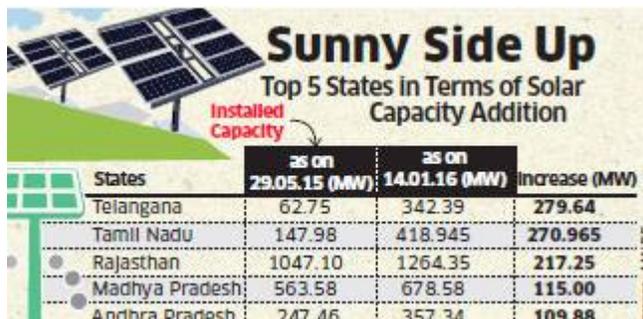
The strong project and contract pipeline, however, does not guarantee linear growth in volumes. Commissioning of the Teesta Urja project is expected to begin only from the end of 2016-17, which means volume growth could be back-ended next year. The company continues to face transmission constraints, leading to loss of business. While demand is another major headwind the industry is grappling with, more proof that the company is on to a steady growth path can help improve the long-term performance of the stock, which is down 20% in the last one year.

### **With 279.64 MW, Telangana leads in solar power capacity addition**

**The Economic Times: February 9, 2016**

There's a new wunderkind on the solar block - Telangana. India's newest state added 279.64 MW of solar power capacity in the six and a half months ended mid-January - the highest among Indian states, according to the Ministry of New and Renewable Energy.

Tamil Nadu was a close second with an increase of 270.97 MW, followed by Rajasthan, which added 217.25 MW. While Tamil Nadu and Rajasthan have been renewable energy heavyweights for a while, Telangana is a rank newcomer. Rajasthan is the solar energy leader in India, having pipped Gujarat to that position last year. Tamil Nadu has topped in wind energy production for more than a decade and is only now getting serious about solar



In contrast, Telangana had only 62.75 MW of solar capacity in June. India's installed solar capacity increased by 1,246.31MW during this period to 5,129.81 MW. Solar accounts for less than 2% of the country's total installed power capacity and India has set a target of generating 100 GW of solar power by 2021-22.



The great leap raises Telangana's total solar installed capacity to 342.39 MW - the seventh-highest in the country.

In June, it was in 10th position with 62.75 MW. "Telangana is showing great initiative," said Tarun Kapoor, joint secretary in Ministry of New and Renewable Energy. "It has floated tenders on its own, without involvement of the Centre, including a 2,000 MW one, which was the single largest tender done by any state." Developers have been attracted by Telangana's solar policy announced in May, which offers exemption from land ceiling, easy conversion of agricultural land for nonagricultural purposes and full refund of value-added tax (or GST once it is introduced).

Although a number of other states also offer some similar concessions, Telangana extends more benefits and lower costs

### India Solar Capacity crosses 5 GW mark

Indian Power sector.com

India achieved the 5 GW mark for grid connected solar generation as per the state wise list released by MNRE. According to the list a total of 5129.8 MW of solar power projects are commissioned as on 14-01-2016, with Rajasthan and Gujarat leading the pack.

#### **Total Commissioning Status of Grid Connected Solar Power Projects as on 14.01.2016**

Sr. No.	State/UT	Total commissioned capacity till 14-01-16 (MW)
1	Andhra Pradesh	357.34
2	Arunachal Pradesh	0.265
3	Chhattisgarh	73.18
4	Gujarat	1024.15
5	Haryana	12.8
6	Jharkhand	16
7	Karnataka	104.22
8	Kerala	12.025
9	Madhya Pradesh	678.58
10	Maharashtra	378.7
11	Odisha	66.92
12	Punjab	200.32
13	Rajasthan	1264.35
14	Tamil Nadu	418.945
15	Telangana	342.39
16	Tripura	5
17	Uttar Pradesh	140
18	Uttarakhand	5
19	West Bengal	7.21
20	Andaman & Nicobar	5.1
21	Delhi	6.712
22	Lakshadweep	0.75
23	Puducherry	0.025
24	Chandigarh	5.041
25	Daman & Diu	4
26	Others	0.79
<b>TOTAL</b>		<b>5129.813</b>



## **Electricity prices at power trading exchanges drop below Re 1 for off-peak demand periods**

**The Economic Times: February 8, 2016**

Electricity prices at power trading exchanges have dropped below Rs 1 for off-peak demand periods in areas with excess power generation. In some areas, prices have dipped to 50 paise per unit while at others it is hovering at around 80 paise per unit. Rates are about 20% down from last year.

This is due to the combined effect of less-than-anticipated demand growth, excess coal at thermal power plants and restrictions imposed by the National Load Despatch Centre on long-distance power transmission because of wintry conditions, according to India Energy Exchange executives. Consumers could see a reduction in their tariffs but not many utilities are taking advantage of the price drop.

"A large number of power utilities are not active in participating in power trading even when prices dip to such low levels," said a senior power sector official. "They seem to be happy buying power from the generators with which they have signed power purchase agreements even if the price at which they are buying the power is higher than exchange prices."

The recent trend suggests that prices have dipped for power generation in west and east India where there's surplus electricity. Prices in north India have dropped as well but have stayed at about Rs 1.9 per unit, the average level at the exchange. West is a power surplus zone and sells it to the north, where demand is always higher. However, a recent restriction on power transmission due to weather conditions have resulted in less power being pumped from west to north, leading to prices falling below Rs 1.

The National Load Despatch Centre has asked companies to restrict power transmission capacity to 9,000 mw instead of using the full 11,000 mw capability. NLDC's decision to restrict power flow was prompted by a breakdown of transmission lines connecting west and north a few days ago. In the cold weather, dust, mist and snow on the ceramic insulators lead to short circuits.

## **UP electricity regulator raps power department over procuring costly power**

**Business Standard: February 9, 2016**

Says UPPCL has not exploited the potential of the power exchanges at all as there is no proper planning and execution

The Uttar Pradesh State Electricity Regulatory Commission (UPERC) has initiated a suo-motu hearing to question UP Power Corporation Limited (UPPCL) over procurement of costly power, ignoring cheaper options.

UPERC in its hearing said, "Why was UPPCL not buying power from power exchange, when power was available at cheaper prices there? Was the merit order being followed? If yes, then why was power being purchased from more expensive sources when cheaper power was available in the power exchange?"

The Commission has also rapped UPPCL for planning its power procurement mechanism. "The Commission after hearing all the stakeholders feels that the UPPCL has not exploited the potential of the power exchanges at all as there is no proper planning and execution."

It also questioned UPPCL on its reluctance to source power from the exchanges where the process has come down substantially, below Rs 2 a unit on most days.

UP recently signed power purchase agreements (PPAs) of around 5,056 Mw with power producers in a price range of Rs 3.2 per unit to Rs 5.10 per unit. *Business*



*Standard* reported earlier that the move by the state to sign fresh agreements at high rates comes at a time when power prices in spot market have touched a new low of Rs 2.5 per unit. The state officials had then denied procuring power from exchanges, citing fluctuating price.

Taking this into consideration, the Commission also noted if power was procured through exchanges, UPPCL could save substantially in power purchase, which is around 80 per cent of its annual revenue requirement, and this would effectively lead to lowering of consumer tariffs.

The Commission directed UPPCL two months back to submit detailed reply, explaining month-wise data of power purchased from various sources (with details of variable and fixed charges) vis-a-vis the prices prevailing at the same period in the power exchange, leading to validation of the principle of merit order being followed in power purchases made in FY15.

However, in its recent hearing last month, no such reply was received from any of the five power distribution companies of the state and/or the UPPCL.

UP had a peak power demand of 16,988 Mw during April-December 2015, of which only 14,503 Mw was met. Reeling under power cuts and irregular power supply, it suffered from supply deficit 14.6 per cent during the same period – one of the highest in the country.

#### **POWER SHOCKER:**

- UP Electricity Regulatory Commission hauls up UP Power Corporation over procuring costly power
- Asks to submit details on power purchase, amount, source and price
- Questions on reluctance to source cheap power from spot market
- UP recently signed long-term power purchase agreements in a range of Rs 3-5 per unit
- Prices in spot market have gone below Rs 2 per unit

#### **A few questions aside, the many bright spots in India's energy sector**

**Business Standard: February 12, 2016**

The performance of India's power sector in the past year has many pluses. But, it also presents a few troubling questions on capacity utilisation and peak deficit. Coal availability has touched a new high, so much so that Power Minister Piyush Goyal recently said more coal than needed might have been produced. Electricity generation saw a small increase, but the plant load factor, or the capacity at which thermal power plants run, saw a decline. At the same time, new capacity addition kept on happening last year despite no equivalent or corresponding increase in demand. Here's a threadbare analysis of the trends in the Indian power sector:

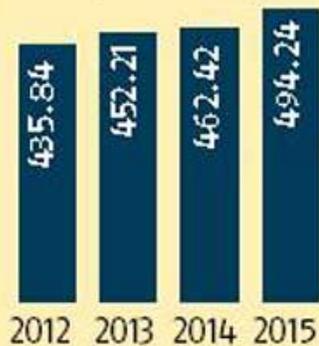
#### **Coal supply: Crisis to excess**

Three years ago, the Indian power sector was reeling under low fuel supply with coal availability posing a big problem. Cut to the present. The average coal availability at thermal power plants across the country now is 25 days - up from 11 days in January last year.

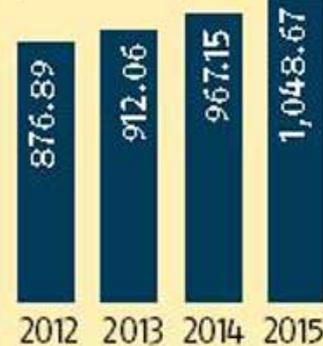
Coal India Ltd, which along with its subsidiaries produced 494.24 million tonnes (mt) during 2015 and 462.42 mt the year before, aims to enhance the output to 600 mt by March this year, according to coal ministry officials. Central Coalfields Ltd opened a new mine every month last year and it would continue to do so for another year.

## THE BALANCE OF POWER

Coal production (million tonnes) *CIL & subsidiaries*



Electricity generation (million units)



Average coal availability at power plants (stock in days)



Plant load factor (%)

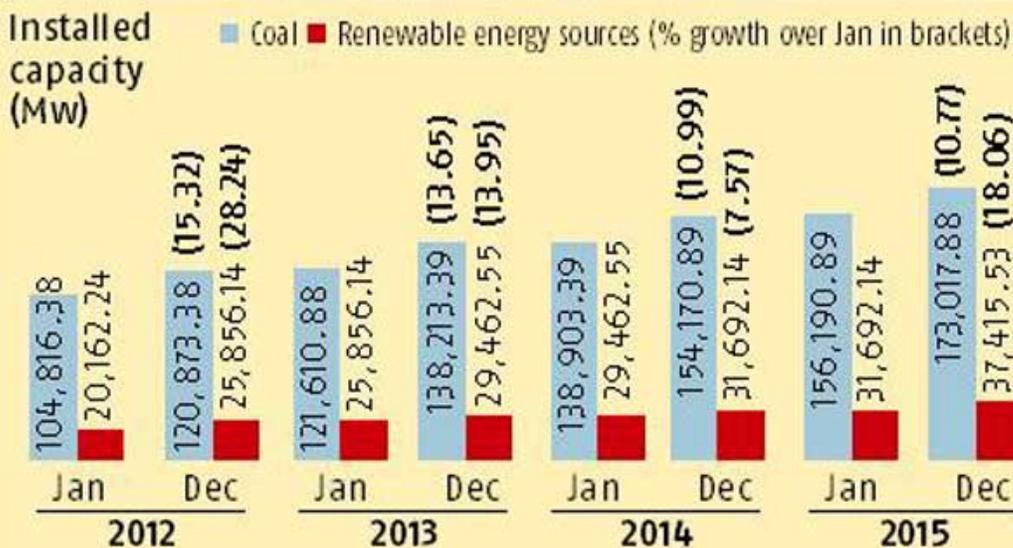


Peak power deficit (%)



Sources: Central Electricity Authority, Ministry of Coal, Coal India Limited

Installed capacity (Mw)



India Ratings (Ind-Ra), in its recent report, said coal output would increase 10 per cent in FY17 to 594 mt.

**Where has all the power gone?**



The good news is that in spite of two successive years of drought - in 2014 and 2015 - electricity generation has improved slightly to 1,049 million units in 2015 from 967 million units in 2014. In 2013, power generation was 912.05 million units.

Yet, capacity utilisation in the power-producing plants has gone down, owing to low demand for power in the country. The national average plant load factor (PLF) - thermal power plants per-unit output - at present 61.75 per cent, five percentage points lower than a year-ago. In July 2015, the average PLF had declined to 58.36 per cent, the lowest in three years.

Industry insiders, though, said the slide in PLF was more on account of a lower demand and an increase in installed capacity than coal supply.

The increase in power generation might well result in an improvement in the peak power availability situation during the year. The Central Electricity Authority expects the peak power deficit to improve to two per cent by the end of the current financial year. In 2014-15, it was 3.5 per cent and 4.5 per cent in 2013-14.

### **Paradigm shift?**

Meanwhile, there seems to be a tectonic shift in the power sector and the various resources. Hydropower has taken a backseat both in policies and capacity addition, while solar power is at the forefront of all policy discussions. After five years of tepid growth, solar power touched 5,000 Mw in January 2016.

Between January and December 2015, coal installed capacity grew 10.77 per cent against renewable energy growing by 18 per cent. In 2014, during the same period, coal grew 10.9 per cent and renewable by 7.5 per cent. On the other hand, hydro was stagnant at 15 per cent annual growth.

As long-term power agreements become costlier owing to costly inputs as well as delay, the spot market witnessed power prices touching as low as 90 paise during peak summer months in 2015. In the spot market, the power price was Rs 2.45 a unit, last month. The average power price in 2015 was Rs 2.81 a unit, a reduction of 22 per cent from the previous year.

The volumes, though, have remained subdued, as there are more sellers than buyers. Against the total sell bids of 4.98 billion units, the buy bids were 3.40 billion units in December 2015.

Ind-Ra has maintained a stable to negative outlook on the power sector, despite improving fuel supply, which has not resulted in improvement in PLFs, as the demand growth has remained muted.

### **Some bright spots**

State-owned thermal power generation giant NTPC recently said its average energy charge came down 13.6 per cent in September-December 2015, against the same period a year-ago, thanks to improved domestic coal supply.

The company's energy cost - the cost of procuring coal - was Rs 2.06 a unit in September 2014. During 2015, it came down to Rs 1.8 a unit in November and Rs 1.78 a unit in December. As a result, the states which would procure power from it would now save an average Rs 300 crore a month, as the cost was pass-through

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