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

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Tangedco cuts losses by Rs 2,000 crore in one year

Times of India: March 16, 2017

Tangedco's losses have come down by nearly Rs 2,000 crore over the past year, the discom having ended this financial year with a loss of Rs 3,675.76 crore. It has seen a 5% increase in sale of power due to which the revenue has increased by Rs 2,000 crore and the cost of fuel has also reduced due to availability of local coal.

The financial position of the discom is considerably better after a record loss of Rs 13,500 crore in 2013-14. With the debts being taken over by the government under the Uday scheme, the discom is hopeful of a break-even in 2017-18, mainly due to the interest cost coming down. "In our budget estimates we thought we will end the year with a loss of Rs 6,374.17 crore in 2016-17. But due to better fuel price and sale of power, our loss has come down by half of what we had anticipated," a senior Tangedco official told TOI.

Apart from better sale of power and lower fuel price, Tangedco has also got better subsidy from the government. "Soon after the AIADMK took charge after the assembly election, the then chief minister J Jayalalithaa announced 100 units free for domestic consumers. Already power is being supplied free to farmers and huts. For all these, we get subsidy from the government and this year we received Rs 8,621 crore as subsidy against Rs 7,695 crore last year," said the official. Purchase of power from private thermal, wind and solar power companies has increased only by 2.87%.

"There was better demand in the last year and Tangedco supplied power without any shortage. But the company purchased power from a lower tariff and more wind power was evacuated during the season. All these helped to lower the purchase cost," the official said.

The accounts will be presented to the Tangedco board after getting its nod.

The year ahead is promising for Tangedco. "The interest cost in the coming year will be lower by more than Rs 1,000 crore as the debt has been taken over by the government under the Uday scheme.

This alone will bring down the loss and we are also hoping to lower the fuel cost," said the official.

On the expenditure side, the company will have to allocate Rs 700 crore for 7th Pay Commission for Tangedco employees.

"The unions have started working on the new pay commission but it will be finalised only after the committee set up by the government for its employees submits its report," he said.

Tamil Nadu electricity utility Tangedco aims power cut-free summer

Energy World : March 24, 2017

With the temperature and humidity on the rise, the demand for power has been increasing, especially during evening, when more domestic consumers switch on their air conditioners to beat the heat.

Daily power demand in Tamil Nadu touched the season's high of 14,689MW and the entire demand was supplied with the help of thermal and renewable energy sources.

With the temperature and humidity on the rise, the demand for power has been increasing, especially during evening, when more domestic consumers switch on their air conditioners to beat the heat.



Compared to last year, the power demand from industries is also on the rise but demand from farmers is less due to severe drought. The Tangedco management is hopeful of meeting peak summer demand of around 16,000MW without resorting to power cuts.

"Last intra-evening demand touched 14,689MW, the record demand for this season. This was created by domestic consumers, industry and farmers. Demand in Chennai and nearby areas alone has been increasing each day due to increase use of air conditioners.," said a senior Tangedco official.

After the failure of water-intensive paddy crops, farmers have opted for other crops that require less water. "We supply 3-phase power for nearly 14 hours daily as many in the delta area have opted to cultivate pulses," he said. The record demand so far for Tamil Nadu is 15,343MW met on April 29 last year.

"The summer demand has started and we are anticipating a demand of 16,000MW in the coming months. We will meet it without any shortage or power cuts," said the official.

Tangedco's confidence stems from the supply of around 1,000MW from the two units of Kudankulam Nuclear Power Plant.

"Even without supply from Kudankulam we can meet power demand of more than 15,000MW. With Kudankulam and wind from mid-May, we will have excess power to meet demand up to 16,000MW. There are enough transmission lines to transmit power from the generation points," the official said.

For the third year in succession, Tangedco is confident of managing the summer demand without any outage. It was only in 2015 after several years, Tamil Nadu warded off summer without any power cuts.

"In the last three years, we have been meeting new highs in demand and this year too we expect a new record. Along with the demand, consumption of power is recording new high," he said.

Tamil Nadu wants Rs 17,000 crore for power upgrade

Indian Express: March 17, 2017

Conversion of overhead lines into underground cables in the limits of Greater Corporation of Chennai are also included in the list.

Tamil Nadu Electricity Minister P Thangamani on Friday urged Union Power Minister Piyush Goyal to release Rs 17,000 crores to enhance power infrastructure in the cyclone-prone state. "Either as grant or as soft loan, Rs 17,000 crores have been sought for taking up works such as conversion of 230 KV transmission overhead lines into 230 KV underground cables," said a release.

Conversion of overhead lines into underground cables in the limits of Greater Corporation of Chennai are also included in the list. In the meeting with the union minister at Parliament House, the state minister also sought Rs 1,093.27 crores for carrying out restoration works to electrical infrastructure that was damaged in the Vardah cyclone.

With respect to Cheyyur Ultra Mega Power Project, Thangamani sought early finalising of bidding documents with an option to use domestic coal so that cost of the power be brought down. Other demands included, allocation of entire power 2,000 MW generated out of Kudankulam Nuclear Power Plant Units 3 and 4 to Tamil Nadu.

"Considering the extent to which the state government went to ensure the smooth commissioning of the atomic power project at Kudankulam, including unit 3 and 4, we requested the minister to allocate entire power generated to TN," said Thangamani in a release. CMD of TANGEDCO M Saikumar was also present in the meeting.

Shedding light on the past

Tangedco sets up museum in Kundah

It is a normal feature of hilly areas to have hydro power stations. But, it is not that common to come across a museum on such stations. This is what Tamil Nadu Generation and Distribution Corporation (Tangedco) has done in Kundah, which is located about 35 km from Udhagamandalam, The Nilgiris district. The museum, established on the initiative of a team of enterprising officials, is special not just because it displays numerous old, rare machines used in the electricity sector over the years but also certain types of content relevant to the situation in Tamil Nadu, which has witnessed a series of agitations in the last two months. For instance, the museum prominently exhibits an article authored by H.G. Howard, an engineer who took momentous steps in the 1920s and 1930s to tap hydro power in a big way.

The article titled The Pykara Scheme: What Hydro Electric Power means to Madras, was published by The Hindu in 1929. Referring to opposition to the scheme in certain quarters, the author explained how the scheme would be beneficial to the State, which was then known as Madras, and cited international and Indian examples of harnessing hydro electricity in support of his stand. Apart from electrical instruments such as pressure recorders and flow meters which should be educative to engineering students, one can find clocks and telephone instruments of the different periods at the museum.

"The oldest clock belongs to early 1930s," says S. Raghu, superintending engineer. Even then, there existed pre-paid meter for electricity consumption, which were installed at the premises of consumers. These vestiges were all manufactured in London.

The museum has one section, dealing with photographs collected by engineers in the last 50 years.

It has a collection of photographs of hydro power stations in the United States and Canada, all of which belonged to V.P. Appadurai, one of the celebrated engineers and chairpersons of the erstwhile Tamil Nadu Electricity Board.

First Russian investment in solar sector in Tamil Nadu announced at IESS Russia & India Report : March 17, 2017

Chennai-based Al Ameen Green Energy closed an \$80 million deal with Miyota Power India Pvt Ltd, a Russian joint venture, for financing a 100-megawatt solar power generation project.

Taking cooperation between Russia and India in renewable energy to a new level, Russian joint venture Miyota Power India and Chennai-based Al Ameen Green Energy on Mar. 17 signed an agreement for a 100-megawatt (MW) solar photovoltaic (PV) power plant in Virudhunagar, Tamil Nadu. The Russian partner will invest around \$80 million in the project.

The agreement for financing and EPC (Engineering, Procurement, and Construction) was signed on the sidelines of IESS trade show in Chennai, marking the first ever Russian investment in Tamil Nadu's solar energy sector. The agreement was signed in the presence of Russia's Trade Minister Denis Manturov and India's Minister of State for Commerce Nirmala Sitharaman by Alok Kumar, President of Miyota Power and M.Basheer Ahamed, Chairman of Alameen Green Energy.

According to the companies, the project should be executed fully by the end of 2017, although it will be implemented in four phases. During the first three phases, the installation of 25 MW, 15 MW and 9 MW capacity will be completed respectively. The remaining 51 MW capacity will be added during the fourth stage. The connection to the grid will also happen in phases.

Tamil Nadu had been witnessing a severe power shortage for many years until it registered a power surplus of 11,649 million units last year, leaving behind other power-surplus states such as Maharashtra, Madhya Pradesh, Delhi, Gujarat and Karnataka, according to the Central Electricity Authority (CEA).



Miyota Power is a joint venture between two Russian companies, the state-controlled JSC Minneftegasstroi specializing in construction of pipelines, oil and gas processing plants and other industrial sites, and Akis Tech Ltd providing project development, financing, operation and management solution for power generation sector.

The project in Tamil Nadu is not the first for Miyota Power. Since 2015, it has been working on several project opportunities in India with a total estimated capacity of almost 500 MW. In March 2016, the company signed an memorandum of understanding with the government of Haryana for a 100 MW grid connected solar power project with investments of \$90 million.

In February 2017, Miyota Power signed another investment contract with Jharkhand for the production of cells used in manufacturing of solar panels. The project will be implemented in the next six months.

According to Alok Kumar, Miyota Power's agreements with Indian states and private players could be seen as practical realization of the December 2015 agreement signed between the Russian Energy Agency (REA) and the Solar Energy Corporation of India (SECI).

Cooperation between Russia and India in the renewable energy sector at the government level has been otherwise sluggish. Despite memorandums signed by government agencies for several large-scale solar PV power plants, the pilot project still remains in the "planning stage" leaving Russia behind the U.S., Japan and Europe that have already established their presence in India's solar energy market.

Apart from investing in solar power generation in India in partnership with Minneftegasstroy, Miyota has agreements with Russia's Hevel group, a joint venture between Renova Group and OJSC Rusnano, for joint co-production of solar PV panels for India, and another agreement with Russian Solar Management Group for co-investments in solar power projects in India.

Maharashtra to restart wind power purchase agreements after 3 years

The Economic Times: March 22, 2017

The Maharashtra State Electricity Distribution Company, the main power utility, is set to resume signing power purchase agreements with wind developers in the state after a gap of almost three years.

"The discom has assured us that pending PPAs of wind projects will be signed right away," said Sunil Jain, president of the Wind Independent Power Producers Association.

One developer confirmed that his company had been called to complete the formalities. "The discom will proceed in chronological order, with PPAs of those developers whose commissioned projects have been waiting the longest being signed first," he said.

For the past three years, unused wind generating capacity had been piling up in Maharashtra, with the MSEDCCL reluctant to buy power at high prices from developers who had completed their projects. Sustained pressure from the developers and some prodding by the Centre, which has embarked on an ambitious renewable energy programme, may have prompted the discom's change of heart. MSEDCCL did not respond to queries from ET.

About 450 MW of installed wind turbines, amounting to an investment of over Rs3,000 crore, remained unutilised due to MSEDCCL's dillydallying and risked turning into non-performing assets by the end of March.

Continuum Wind Energy India has the largest commissioned capacity of 98.7 MW awaiting a purchase agreement, followed by Panama Wind Energy Developers with 56 MW and NSL Renewable Power with 47.5 MW.

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Other developers similarly stranded include ReNew Power (10.5 MW), Orange Renewable Power (24 MW), Greenko (32 MW), Green Infra (22.5 MW) and IL&FS Energy Development (44 MW).

With 4,661.91MW at the end of November 2016, Maharashtra had the second-highest installed capacity of wind power in the country, after Tamil Nadu. However, it added only 8.08 MW across the first eight months of 2016-17 from 4,653.83 MW at the end of March 2016.

India's 15% generation capacity is now from NTPC

The Economic Times: March 23, 2017

Having commissioned an 800 MW Unit at Kudgi in Karnataka, 250 MW unit at Bongaigaon in Assam and 20 MW at Bhadla Solar in Rajasthan on Thursday, total installed capacity of NTPC group has touched 49.9 GW. This is about 15% of the country's total installed power generation capacity.

It has managed to cross its 12th plan capacity addition target of 11.92 GW by adding 12.84 GW the highest ever capacity addition in any 5 year plan by NTPC, the company said in a statement.

NTPC and NTPC Group companies cumulatively have also achieved highest ever daily generation of 784.74 million units & 870.11 million units on 22nd March 2017 surpassing previous best of 782.95 million units & 866.47 million units achieved on September 9 last year.

NTPC coal stations clocked highest ever daily generation of 749.63 million units on March 22, 2017 over previous highest of 742.51 million units in 2016.

NTPC's total generation from, coal, gas, hydro and solar, achieved highest ever generation of 243.326 billion units on March 22, 2017 in FY17 against previous best of 241.976 billion units achieved in 2016.

The higher generation from coal based stations indicates uptrend in electricity demand in the grid.

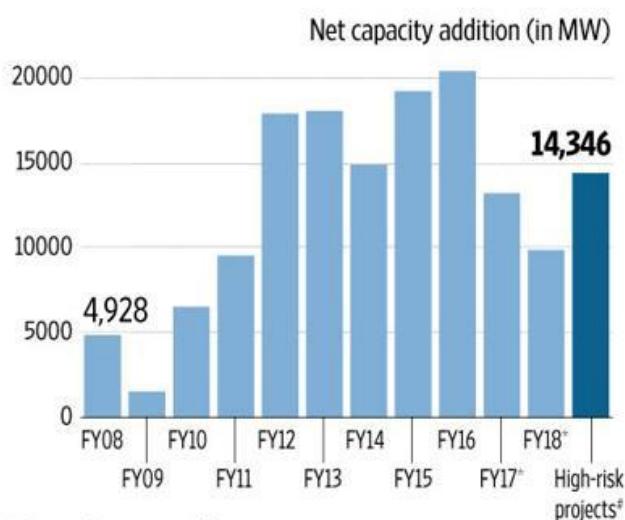
Who will solve India's bad utilities problem?

Livemint: March 16, 2017

The UDAY scheme can help improve power demand and lift some capacities out of financial stress, but it may not fully resolve the current logjam

Power struggle

Thermal power plants with capacity of about 14,000 megawatts are highly stressed. They are built with high capital cost, and lack power and fuel agreements for even half of the capacity.



*Estimate by India Ratings

[^]Estimate by JM Financial

Source: India Ratings and Research, JM Financial Institutional Securities



As renewable energy and competitive tariff bidding transform the Indian power sector, the big question is the future of several troubled thermal plants.

A study by JM Financial Institutional Securities Ltd shows that power plants with cumulative capacity of about 14,000 megawatts (MW) are highly stressed. They have high capital cost, and lack power and fuel agreements for even half of the capacity.

"We find these plants to be at high risk with an estimated debt of Rs607 billion (Rs60,700 crore) due to lack of PPAs/FSAs and higher fixed costs," JM Financial said in a note. PPA is short for power purchase agreement and FSA is fuel-supply agreement.

Separately, a report from India Ratings and Research Pvt. Ltd notes that debt stress is high in the sector if one excludes the top nine coal power generation firms. "The reason behind this is that these (non-top 9) entities have not been able to enter into PPAs or have not been able to achieve commercial operations for their capacity, leading to challenges with regard to debt servicing," adds India Ratings.

The Ujwal Discom Assurance Yojana or the UDAY scheme can help improve power demand and lift some capacities out of financial stress. But it may not fully resolve the current logjam as the incremental demand should not only suffice to take care of the current idle capacities but also be sufficient for the 50,000MW of new plants under construction, which is difficult. "Demand has to catch up with the bunched up capacity addition done over FY12-9mFY17. Though UDAY could result in improving the demand, there is still capacity which does not have PPAs, and they might find it difficult to find off-takers," says Vivek Jain, associate director at India Ratings.

Even if one assumes a quantum jump in demand, a significant portion of the stressed assets will not be able to compete in the current competitive tariff bidding due to its high cost structure. According to JM Financial calculations, tariffs from these stressed power plants average at Rs4.3-5.5 per unit, significantly higher than recent competitive tariff bids where they fell below Rs4 per unit.

Of course, as JM Financial points out, the total of the highly stressed power loans are less than 1% of bank credit, posing a limited risk to the system. But that does not mean one should let the Rs60,000 crore worth of loans lent to these projects go down the drain. A better option for the lenders would be to take over these stressed projects and find a solution with the government's help.

"Bad bank is only one of the measures for taking care of this situation. But the problem in the sector is simply too big to be handled by one bad bank. Hence, additionally, the government would have to (a) consider shutting old plants (of around 30,000-40,000MW capacity), (b) ensure that discoms do not opt for power outages even when reasonably priced power is available (c) ensure new PPA bids roll-out for thermal projects just as the government is facilitating PPA bids for solar and wind projects (d) look at supplying power to neighbouring states and (e) making structural changes in the market such as open access for consumers, creating a market for peaking power," said Kuljit Singh, partner and industry leader (infrastructure) at audit and consulting firm EY.

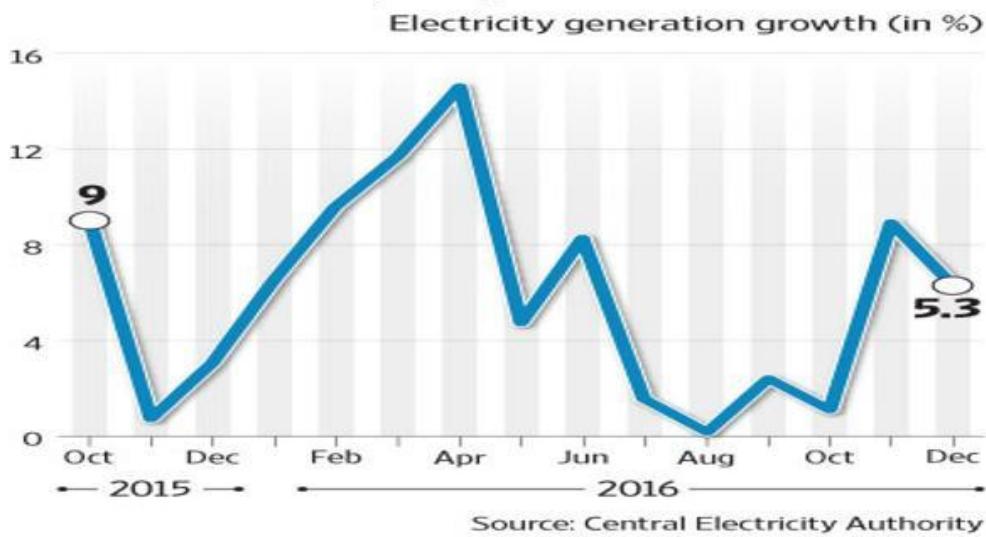
These measures are not easy to enforce, but are an essential part of reforms in the power sector.

Power utilities: eye on key milestones helped investors overcome subdued Q3

Livemint: March 24, 2017

SUBDUE PHASE

Electricity generation grew 5.3% in October-December 2016, only slightly better than the 4.4% increase a year ago.



Overall electricity generation in the December quarter was up 5.3%, only slightly better than the 4.4% rise in the year ago quarter

The absence of negative surprises proved to be good news for power utilities. Against an 8% rise in the Sensex, the BSE Power index gained 10% in the first two months of 2017 even as the companies reported a lacklustre performance for the December quarter.

Overall generation was up 5.3%, slightly better than the 4.4% rise a year ago. Power production at NTPC Ltd was up just 1%. As power off-take remained subdued, the firm's thermal power plants' utilization dropped 1%. "3QFY17 has seen a continuation of the overall trend of weak power demand growth, subdued merchant prices, back-downs by discoms and marginal generation capacity addition," Antique Stock Broking Ltd said in a review.

Due to a normalization of taxes, NTPC's unadjusted profits fell 7.5%. JSW Energy Ltd reported an even steeper drop in profit on high costs and low realizations. Still, as the rise in the BSE Utilities index shows, investors attached little importance to the results. Why? Because of positive commentary from managements and the hope that 2017 will end the woes of Tata Power Co. Ltd and Adani Power Ltd.

NTPC maintained its 4,000 megawatts (MW) capacity addition guidance for the current fiscal despite adding just 1,400MW till December. Similarly, Power Grid Corp. of India Ltd, whose project start-ups grew just 2% from the September quarter, indicated strong capitalization in January-March. "As against ~4,650 ckm (circuit km) transmission line commissioned in 9mFY17, management is targeting to commission a ~4,750 ckm transmission line in 4QFY17E," HDFC Securities Ltd wrote in a note.

Tata Power's coal business venture did well. But high coal prices affected profitability of its Mundra plant. Adani Power reported a higher-than-expected loss on low volume off-take and shortage of domestic coal. Even then both stocks went up in January-February on speculation the

coming Supreme Court order will end the under-recovery woes at their plants in Mundra, Gujarat. "For us, the key trigger remains the Supreme Court's ratification of CERC (central electricity regulatory commission) compensatory tariff recommendations," Edelweiss Securities Ltd wrote in a note on Tata Power.

UDAY states see Rs 11,989-cr drop in interest cost

Business Standard:March 20, 2017

UDAY aims to reduce the interest burden, cost of power and energy losses

The interest cost of states participating in Ujwal Discom Assurance Yojana (UDAY) scheme has come down by around Rs 11,989 crore for April-December of 2016-17 over the year-ago period.

"As per the information available, the interest cost of states participating in UDAY has reduced by Rs 11,989 crore, approximately for the first nine months of the current financial year compared to the financial year (2015-16)," Power Minister Piyush Goyal said in a reply to the Rajya Sabha.

So, the question of UDAY -- the scheme designed to nurse debt-laden electricity distribution companies back to health -- opening up another window of fresh debts does not arise, he added.

Ujwal Discom Assurance Yojana (UDAY) aims to reduce the interest burden, cost of power and energy losses in state-owned distribution utilities with an objective of achieving their sustainable operational and financial turnaround.

In a separate reply to the House, the minister said so far 22 states and one Union Territory (UT) are on board as far as UDAY is concerned.

"Out of Rs 3,75,430 crore debt of state-owned power distribution utilities, as existing on March 31, 2015, UDAY states account for Rs 3,56,152 crore," the minister said.

Save Energy. Save Money. Save the Planet

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