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Tangedco keen on extending PPAs

The Hindu : August 3, 2017

The power utility is also looking at a reduced tariff of □3 per unit for 500 MW for two years

The Tamil Nadu Generation and Distribution Company (Tangedco) is in talks with private power producers to extend the medium-term power purchase agreements (PPAs) by two years with a reduced tariff of □3 per unit from the current rate of up to □5 per unit.

The utility is in talks with Jindal Power, Adani Enterprises and National Energy Trading and Services Ltd (NETS) for a total capacity of 500 MW. "We are negotiating rates to be around □3 per unit. We may not require power immediately. We may use it during summer if the rates are good," a senior official said.

Earlier, Tangedco had a medium-term power purchase agreement with Jindal Power Ltd. and Adani Enterprises Ltd. for procurement of 200 MW of power each for a period of five years from September 1, 2012 to August 31, 2017. The tariff for the power sourced from Jindal's Chhattisgarh power plant was about □4.92 per unit and Adani's Mundra Power Plant, Gujarat, was nearly □5 per unit.The utility also had a medium-term power purchase agreement with NETS for the purchase of 100 MW from Lanco Anpara Power Ltd, Uttar Pradesh, for a period of five years from February 1, 2012 to January 31, 2017, for □4.88 per unit.

Spike in demand

In its petition with the Tamil Nadu Electricity Regulatory Commission (TNERC), Tangedco had sought the extension for two years citing an increase in power demand. TNERC had given its nod for the extension of the medium-term PPAs by two years at □3.5 per unit.

High power rate to make railway 'disconnect' TANGEDCO ties

The New Indian Express : August 3, 2017

The exorbitant tariff rates quoted by the Tamil Nadu Generation and Distribution Corporation (TANGEDCO) has forced the Southern Railway to look for a better deal with a public sector company to cater to its electricity needs.

Tangedco's Rs 8.12 per unit tariff for power used by the Railway in the State is said to be quite high, not just against the rate offered by public sector companies, but by other governments too.

"The average cost of electricity in Kerala is Rs 5.70 and Rs 4.80 in Andhra Pradesh. In case of excess consumption, the penalty is 300 per cent in Tamil Nadu, wheras it is 150 and 200 per cent in Kerala and Andhra Pradesh, respectively," said S Rama Subbu, Chief Electrical Distribution Engineer of Southern Railway, Chennai.

Much to the Railway's relief, Ratnagiri Gas and Power Private Limited (RGPPL), jointly promoted by the National Thermal Power Corporation and GAIL (India) Limited, has come forward to offer power at Rs 5.90 per unit.

"Tangedco has made a proposal to increase power factor tariff from 0.9 to 0.95 level. Hence, it will increase our spending on electricity by another 15 per cent. So we have decided to stop procuring from Tangedco and choose RGPPL," Rama added.

Though the decision was made last year, the Souther Railway is still awaiting a No Objection Certificate (NOC) from the State government, allowing it to procure electricity from other sources. Rama said the Railway was expecting an NOC or at least a reduction in power tariff from Tangedco on the lines of what was offered by the RGPPL.

With NOC being delayed, the Railway has brought the issue before the Tamil Nadu Electricity Regulatory Commission and Appellate Tribunal for Electricity in New Delhi. For the government, however, this move would spell a huge loss in revenue. It had been earning around Rs 750 crore for the 810 million units of power that the Southern Railway usually consumes every year.

M Saikumar, Chairman and MD of TNEB and Tangedco, however, said that he was not aware of any such proposal by the Southern Railway.

It should be noted that the Indian Railways has been procuring electricity from other sources due to high tariff of the respective State governments in Gujarat, Madhya Pradhesh, Uttar Pradesh, Delhi, Chhattisgarh and Jharkhand.

Tangedco At The Receiving End During Public Hearing, Faces Flak For Corruption

Times of India : August 3, 2017

Allegations of bribery reigned during the public hearing by the Tamil Nadu Electricity Regulatory Commission (TNERC) on the tariff petition filed by the Tamil Nadu generation and distribution corporation limited (Tangedco).

From industrialists to residents to consumer activists, everyone sought TNERC's intervention on various policies and orders issued by Tangedco. They also asked the commission to take steps to curb corruption prevalent in Tangedco. Other issues such as peak hourpower tariff increase, decrease in solar power rates, power factor and LT industrial service connection were also discussed.

SP Velliangiri, a resident of Peelamedu, said corruption is rampant in Tangedco and anyone who entered its offices for any work couldn't get them done without paying bribe.

Former councillor M Krishnaswamy said as per RTI replies, several projects of the Tangedco are incomplete. "The tender process in which Adani group was granted a 30-year contract for solar power generation should be reviewed and the rates checked," he said.

Secretary of the Tamil Nadu Electricity Consumers Association K Ilango said, "There are numerous steps taken by Tangedco which stifle the consumers who have to resort to litigation in order to get relief. In most of the cases, the courts have favored the consumers. The corporation should stop its anti-consumer approach so that consumers have confidence in its power utility and will support it in all respects. There are many aspects of the Electricity Act 2003 and the National Tariff Policy which are not followed in letter and spirit by the TNERC and ."

President of the Coimbatore District Small Scale Industrial Association (CODISSIA) V Sundaram said if the government wanted the industries to survive, bribery should be removed. "Better technologies should be adopted and efficiency in power generation should be improved," he said.

K Natarajan, a farmer from Sulur, questioned the Tangedco for proposing to reduce the solar power tariff of consumers. "Nearly 60 farmers in my village opted for it only to get the subsidy. But now if we won't get the rates promised, it will be a major setback," he said.

Chairman of the Indian Wind Power Association K Kasturirangaiyan said that instead of increasing the tariff the corporation should first focus on clearing its outstanding bills and ensure monthly payments are made. TSB Selvam of Erode District Rice Mill Owner Association said that peak hour restriction was affecting their business in a major way. He also sought the extension of LT industrial service connection up to 150 to 200KW.

Many residents said that the grievances redress mechanism was ineffective.

Income from rooftop solar panels may fall

The Economic Times: August 2, 2017

While the number of people opting for solar-net metering of the Tamil Nadu Generation and Distribution Corporation (Tangedco) has increased from 320 in 2015 to 480 in 2016, income from roof-top solar power panel installation may be reduced by half soon.

According to Tangedco officials, a proposal has been sent to the Tamil NaduElectricity Regulatory Commission (Tnerc) seeking separate tariff to be set for the solar power generated by domestic and commercial users who have installed the rooftop solar power panels.

Currently, power generated by consumers using solar panels is routed to the grid and is compensated with input power. For example, if a consumer uses 500 units from Tangedco and 200 units of solar power is exported to the grid, he will only have to pay for the remaining 300 units of which 100 units is again subsidised by the State government.

Since the tariff of the solar power generated gets equated with the power supplied by Tangedco, officials said they were facing huge losses. "This is financially not viable for us. We have made huge capital investments and are generating power. But, the consumer is selling the rooftop power at the same rate that we sell it to them," said T Haldorai, chief engineer, Tangedco in Coimbatore region.

Officials said that this year, 470 applications were cleared for installation of solar-net metering. "There is a huge demand. We hope that consumers accept this. One cannot expect immediate returns. It may take 10 years to get return on investment on the new proposal," said an engineer.

Forums, public jittery over power tariff revision

The Hindu : August 3, 2017

Wide range of demands and recommendations were put forth before the Tamil Nadu Electricity Regulatory Commission (TNERC) during its public hearing on tariff revision held in the city on Wednesday.

A three-member panel of TNERC headed by its chairman S. Akshayakumar, members C. Rajagopal and T. Prabhakara Rao heard grievances and suggestions from public and various trade bodies regarding tariff revision.

The current power tariff in Tamil Nadu was fixed by TNERC on December 11, 2014 which came into effect from December 12, 2014.

More than 50 speakers put forward their concerns and demands regarding the tariff revision.

D. Balasundaram, past president of Indian Chamber of Commerce and Industry, said that reduction in the cost of purchasing power should be passed on the consumer. “There is has been a reduction in the cost of purchasing power since 2014 due to factors like fall in the price of coal. We have also absorbed more power from wind energy last year which is cheap. But customers were not benefited from the fall in the purchase cost,” he said. K.

Ilango, Secretary of Tamilnadu Electricity Consumers Association, said that many aspects of the Electricity Act 2003 and the National Tariff Policy are not followed by TNERC and Tangedco.

"The National Tariff Policy specifies that the cross subsidy surcharge should be a maximum of 20 % of the tariff. In Tamil Nadu this has never been followed and is more than 50 % (Rs. 3.50/unit)," said Mr. Ilango and added that grievances redress mechanism is very ineffective.

TNERC conducted the hearing based on tariff petition filed by Tangedco, Tamil Nadu Transmission Corporation Limited (TANTRANSCO) and State Load Despatch Centre (SLDC).

The tariff petition filed by Tangedco proposed no tariff increase but an adjustment in the subsidy without affecting consumers for 2017-18. While TANTRANSCO did not propose any increase in the transmission charges payable by Long Term Open Access customers and Long Term Open Access customers, SLDC sought for determination of Aggregate Revenue Requirement for 2017-18 and 2018-19

Tamil Nadu, India, Generates Record Wind Power, Is Forced To Shut Down Thermal Plants

Clean Technica : August 1, 2017

The monsoon season in India brings with it very high wind speeds, especially in the southern part of country. This year it has enabled record wind power generation in at least one of the states.

Tamil Nadu **reported** the highest-ever wind energy generation in the country. The state experienced more than 5,000 megawatts of wind power for more than 2 hours on 11 July. The highest wind generation was recorded at 7 in the evening as 5,079 megawatts.

The high wind energy generation forced the state utility to shutdown 1,020 megawatts of thermal power capacity and operate several other power plants at half of their capacity.

With a total demand of less than 14,000 megawatts on the evening of the 11th of July, wind power fulfilled more than a third of the total demand. The total energy generated from wind energy projects that day was 84.5 million kWh, which translates into 28% of the total electricity consumed in the state. The electricity generation was slightly lower than the all-time record of 99.5 million kWh.

Tamil Nadu has the largest installed wind energy capacity among all Indian states. The state has had several transmission issues, especially during the monsoon season, for absorbing all the wind energy generated. But the situation seems to have improved significantly now, as has been demonstrated by the high share of wind energy procurement.

Things may have also improved due to an **advisory** issued by the Ministry of New and Renewable Energy which termed solar and wind energy projects as 'must run'. This means that state utilities are obligated to procure electricity from renewable energy projects even if they have to shutdown thermal power plants.

In a first, Madhya Pradesh takes away must-run status of renewable projects

The state would now have the freedom to back down from renewable projects whenever it wishes to

The flag bearer of headline renewable energy growth, Madhya Pradesh, in a latest amendment has suggested taking away the "must-run" status of renewable and co-generation power projects.

In the latest order by the Madhya Pradesh ElectricityRegulatory Commission (MPERC), it has asked the "the generation from co-generation and renewable sources of energy to be

subject to 'scheduling' and 'merit order dispatch principles' as decided by the commission from time to time."

The order pertains to the amendment in the Madhya Pradesh Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) (Revision-I) Regulations, 2010. It would hold a public hearing to discuss the matter on August 18.

Sector and legal experts said this would harm the renewable energy projects, as the state would now have the freedom to back down from these whenever it wished to. Renewable power enjoys a "must-run" status across the country to ensure its integration in the grid and better returns to the developers.

"Renewable projects would now run with even more ambiguity. In the states where forced backing down is being done, developers have approached the regulatory commissions. But in this case, the regulator has paved the way for backing down renewable. It should ideally have a must-run status given its infirm nature," said a senior sector executive.

Legal experts said no Indian state has till yet removed the must-run status of renewable energy and this would set wrong precedent.

"The proposed amendment will have adverse impact on RE Projects in the state of Madhya Pradesh. The commission should be conscious of the fact that the renewable energy is not available all the times and plants are dependent on the nature for generation of the power, therefore removing must run status will lead to further uncertainty. The commission should introduce the concept of 'deemed generation' before introducing merit order dispatch principles. REWA Solar PPA has such concept," said Aditya K Singh, advocate, Arthe Law.

Power companies seek billions in govt funds or tariff hike to cut emissions

Business Standard : July 28, 2017

Power companies are seeking an extension of the Dec deadline to meet the new pollution standards

Power companies in the country are seeking billions of dollars of federal funding to retrofit coal-fired plants to cut emissions, saying hefty tariff increases would otherwise be needed to pay for the technology, according to internal documents.

Private companies such as Reliance Power Ltd, Adani Power Ltd and GMR and state-run NTPC Ltd, have also asked for an extension to a December deadline to meet the new pollution standards.

The government, which has been pushing a clean energy campaign hard, has given no indication it would be willing to fork out the money for the new technology, which the private companies estimate to cost as much as $38 billion, potentially setting up a confrontation with the industry.

Thermal power companies account for 80 per cent of all industrial emissions of particulate matter, sulphur and nitrous oxides in India, and their slowness in complying with new standards shows the difficulties India faces in cleaning up its air, among the most polluted in the world.

The power producers, who account for the second-biggest portion of India's $150 billion in bad loans after the steel industry, have sought access to the more than $4 billion National Clean Energy Fund to help install cleaner technology, according to letters to the government reviewed by Reuters.

The upgrades are needed to meet stringent rules set out by the environment ministry in 2015 to cut emissions that cause lung diseases, acid rain and smog.

Top producer NTPC said in a letter dated February 26, 2016, that it needed about $8 billion to upgrade equipment at its 28 coal-fired plants across the country to comply with the rules.

Installing the new technology would raise the cost of production and lead to an increase in tariffs ranging from about Rs 0.50 ($0.0078) to Rs 1.25 ($0.0195) per unit, the Association of Power Producers, which is lobbying for the private firms, said in a letter to the government.

The average power tariff in India is around Rs 5 per unit.

"This increase in the cost of power would have severe impact on the finances of the distribution utilities and collateral impact on the lenders," the association warned, referring to companies that buy power from producers and distribute it to industrial and domestic consumers.

Increasing power tariffs would reverse gains made by Prime Minister Narendra Modi's government to reduce costs and spur economic growth, one of the achievements it has touted in its three years in power.

A source familiar with the discussions said there was no precedent for such federal funding for power firms. "Even if funding were to be given, it is difficult to decide how we allocate such funds," the source said.

Deadline extension?

Around 78 per cent of generated power in India comes from coal-fired plants, making it one of the biggest users of the dirty but cheap fuel globally.

Coal-burning plants also contribute to deadly particulate matter in the atmosphere that cause lung diseases.

While federal funding seems unlikely, the government could be more willing to consider an extension of the deadline for compliance with the regulations, officials say.

"We have referred to the ministry of environment pointing out the difficulties. It has been explained how much it will take to comply, including the technology issues," Anil Kumar Bhalla, the top official at the power ministry, told Reuters.

Most power plants have yet to meet the new emission guidelines, the Central Electricity Authority said in May, suggesting the environment ministry extend the deadline on sulphur dioxide emissions standards by as many as six years.

NTPC, in particular, is worried that if it fails to meet the deadline, it would affect its prospects to raise international funds because they are tied to meeting environmental standards.

"Even in the existing loans which we are having, in case of non-compliance of environment norms, NTPC will be declared a defaulter which may have serious repercussions for the company," it said in a letter to the environment ministry, making the case for an extension.

The environment ministry said no formal discussions had taken place about reviewing the December deadline.

But officials acknowledged it did not expect all the power producers to be compliant with the new standards.

"If you are asking if everybody will become compliant in December 2017, it doesn't happen that way," said a top environment ministry official who did not want to be identified. ($1 = 64.1250 Indian rupees)

Power regulator to float approach paper on 2019-24 multi-year tariffs this month

Money Control.com: August 3, 2017

The approach paper will deal with issues such as return on equity, capacity addition targets and increasing role of renewable power

Central Electricity Regulatory Commission (CERC) will this month float its 'approach paper' on multi-year tariffs for power stations and transmission lines, according to a senior official with the power sector regulator.

The paper will deal with the all-important 2019-24 tariffs of central power stations. The tariffs will be effective April 2019 and the regulator will come out with the new tariff regime before the end of the next financial year, as is usually the case.

The CERC tariffs deal with cost-plus projects that are usually given on nomination basis to state-owned power generators like NTPC, SJVN, NHPC, NLC India, Damodar Valley Corporation and North Eastern Electric Power Corporation.

The approach paper will deal with the issues that the regulator thinks need to be deliberated upon in the context of the current scenario in the power sector. These include return on equity to be offered to power sector companies, capacity addition targets and increasing role of renewable power in the energy scenario in the country.

The regulator is keen to kick-start the work on the new tariff regime soon before the current Chairperson Gireesh B Pradhan retires at the end of the year.

The current tariff regime guarantees a 15.5 percent post-tax return on equity to thermal and hydro- electric power plants. Around 20 percent return is guaranteed to solar capacities.

At the end of June, the country had an installed power capacity of 330,273 MW. Of this, 220,575 MW was thermal, 44614 MW hydro (more than 25 MW units), 32,508 MW wind and 13,114 MW solar.

While 50,000 MW of thermal power is expected to come up through new and under-construction projects that were chalked out earlier, the government has no plan to work on adding any thermal capacity beyond what has already been envisaged.

The government is now entirely focused on adding capacities based on renewable resources, most of it solar. It aims to have 100,000 MW under solar, 60,000 MW of wind and 15,000 MW in biomass and small (less than 25 MW units) hydel units by 2022.

India's performance in solar power not so encouraging, says parliamentary panel

Live mint : August 1, 2017

A parliamentary standing committee has said the government should not act as bystander and adopt more proactive approach to arrange finances for solar projects

Cautioning that India's performance in renewable energy areas like solar, small hydro, biogas is not so encouraging, a parliamentary standing committee on Monday said that the government should not act as bystander and adopt more proactive approach to arrange finances for solar power projects.

It also said that 40,000 megawatt target of grid connected rooftop solar by 2022 is "unrealistic" and it is "highly unlikely that this target will be achieved". It suggested that government should give it a "serious relook" at it otherwise it will derail the National Solar Mission target of 100,000 MW by 2022. It also pressed upon government to "urgently formulate" a dedicated programme to establish India as a solar manufacturing hub.

The observations were made by the Lok Sabha's standing committee on energy—headed by Bharatiya Janata Party (BJP) MP Kumar Virendra Kumar—which presented its report, 'National Solar Mission – An Appraisal" to the Parliament on Monday.

Prior to Paris Climate Summit in December 2015, Prime Minister Narendra Modi-led National Democratic Alliance (NDA) government announced an ambitious renewable power programme of 175,000MW which includes 100,000MW solar power and 60,000MW wind power.

"As far as wind is concerned, it is already performing satisfactorily and steps have been taken to provide the desire fillip to this sector…it is presumed that the target set for this sector will be achieved. However, the performance in other sectors of the renewable energy such as solar, small hydro, biomass, biogas etc. is not so encouraging," said the report.

At present, India has a total of 58,303.35MW of renewable power of which 32,508.17MW comes from wind power alone, while solar energy accounts for 13,114.85MW. It noted that the total investment for commissioning of 100 gigawatt (GW) solar power has been estimated to Rs5 trillion and most of the investment is done by private entities.

"The ministry should not act like a bystander as arrangement for such a huge investment cannot be left to private sector alone. The ministry should play a more proactive role with respect to financial investments like providing access to loans at more favourable rate of interests, introducing green bonds, approaching international donors, arranging finances from green climate fund etc. to achieve the ambitious target of 100GW of solar energy by 2022," the committee said.

On rooftop solar target of 40GW by 2022, the standing committee recommended that the target be reconsidered.

The committee also cautioned about falling solar tariff and observed that per unit price of solar power has dropped from Rs10.95 in December 2010 to Rs2.44 in May 2017.

It said that "in a rush to build market share in the sector, some players have become very aggressive in competitive auction and are bidding very low tariff".

"The committee is apprehensive about the quality of the material used. The committee is of the view that some of these projects would become unviable because the developers may find it difficult to raise funds and contain high project cost and such a low solar tariff would also effect the viability of those solar projects which have been awarded earlier at a higher rate," the report said.

It recommended government to impose a "high anti-dumping duty" to discourage import of poor quality material and asked the government to ensure that "some outlying bids do not disturb the market dynamics".