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Tamil Nadu cancels 500 MW solar auction held in Jan-Feb

The Economic Times: October 2, 2017

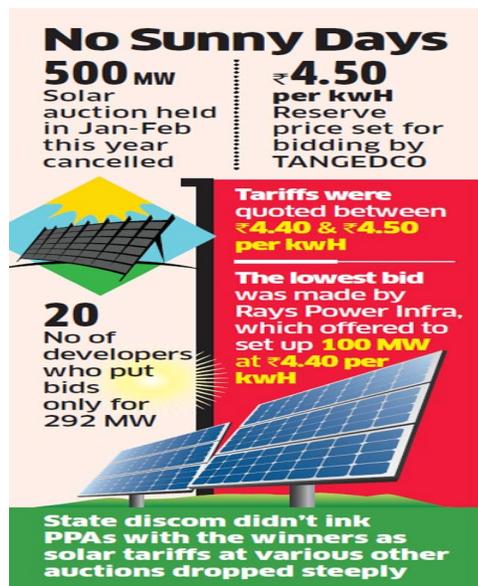
Tamil Nadu has cancelled an auction it held in January-February to allot 500 MW of solar projects, because the state-run power distributor found the winning bid of Rs 4.40 per kWh too high, one of the developers said.

The developer, who had won a contract in the January-February auction, said this was verbally communicated to him, followed by a letter asking his company to take back the bank guarantee it had submitted.

"You are requested to collect the bank guarantee from this office on any working day," read the letter dated September 12 from the chief engineer, non-conventional energy sources at the Tamil Nadu Generation and Distribution co (TANGEDCO), which conducted the auction. ET has seen a copy of the letter.

TANGEDCO, however, has not made any official announcement of this. Its officials were unavailable for comment.

The 500 MW auction, for which TANGEDCO had set a reserve price of Rs 4.50 per kWh, had evoked a tepid response, with 20 developers putting in bids for only 292 MW, all quoting tariffs between Rs 4.40 and Rs 4.50. The largest and lowest bidder was Rays Power Infra, which offered to set up 100 MW at Rs 4.40 per kWh.



TANGEDCO informed all the bidders that their proposals would be considered only if they matched the lowest bid of Rs 4.40. All but one of the 20 agreed to do so, but the applications of three were rejected for various technical reasons. This left 16 developers who were set to put up solar projects of 224 MW in the state at a



tariff of Rs 4.40 per kWh. In April, TANGEDCO approached the Tamil Nadu Electricity Regulatory Commission for approval of the uniform rate of Rs 4.40 per kWh, which it received in June.

The state regulator also directed TANGEDCO to complete signing the power purchase agreements with all the winners within a month and submit copies to it.

But this was never done, as in the months between February and June solar tariffs at various other auctions in the country began dropping steeply, mainly because a fall in the cost of solar equipment.

The lowest price achieved was Rs 2.44 per kWh at an auction conducted by Solar Corporation of India at the Bhadla Solar Park in Rajasthan, which gets the best solar radiation in the country. TANGEDCO itself conducted a second auction for 1500 MW, whose bids, opened in early July, showed the lowest bid at Rs3.47 per kWh.

Since then, TANGEDCO had been trying to get the bidders in the earlier auction to reduce their tariffs from Rs4.40 to Rs3.47 per kWh.

"They won't put anything in writing, but that is what they want," one of the developers told ET. (See ET, August 16.)

The developers kept resisting it, maintaining that such a major reduction in tariff would render their projects unviable.

Tamil Nadu solar auction: Most winners agree to lower prices

The Economic Times: September 26, 2017

In yet another case of winning tariffs being renegotiated, all but two of the 18 winners of the last solar auction held by Tamil Nadu have agreed to lower the prices they had quoted to that of the lowest bidder, Rs 3.47 per kWh. The mega tender of 1,500 MW, which was opened in early July, had seen winning bids between Rs 3.47 per kWh and Rs 3.97 per kWh.

The lowest price was quoted by Raasi Green Earth, which sought to put up 100 MW, and the highest among the winners by public sector mining giant Neyveli Lignite Corporation (NLC), which bid for the entire 1,500 MW, but was allotted 449 MW. Following renegotiations, they will all supply power to the Tamil Nadu Generation and Distribution Co (TANGEDCO) at Rs 3.47 per kWh.

Two of the 18 winners—Clean Power Solar, which bid to put up 104 MW at Rs 3.90 per kWh, and SRL Green and Clean Power, which sought 6 MW at the same price—have opted out rather than reduce their bid. Two others have reduced the sizes of their projects – Solitaire BTN Solar, which bid for 150 MW at Rs 3.69 per kWh, will now put up 100 MW at Rs 3.47 per kWh, while Rays Power Infra, which had asked for 200 MW at Rs 3.85 per kWh, will now construct 100 MW.

The 260 MW that these four companies have opted out of have all been allotted to NLC, which instead of its allotted 449 MW, will now be building 709 MW.

"This kind of readjustment of tariffs is not accepted practice, but it has happened before," said an investor in renewable energy projects. "The tenders floated usually have a wide ranging clause that the authority doing so can cancel the bid at its discretion. This clause is used to insist on post-bid opening changes."

Ever since the solar auction conducted by Solar Corporation of India (SECI) at the Bhadla Solar Park in Rajasthan in May this year, which saw the winning tariff drop to Rs 2.44 per kWh, a number of state discoms have been trying to bring down the relatively higher tariffs reached at various other auctions they conducted. TANGEDCO itself has been trying to get



the winning developers at another 500 MW auction in held in January-February this year, at which the lowest tariff was Rs 4.40 per kWh, to bring their prices down to Rs 3.47 per kWh, the lowest price at the subsequent auction.

Similarly, Uttar Pradesh and Jharkhand have also successfully renegotiated tariffs reached at auctions held in 2015 and 2016 respectively, forcing developers to agree to lower prices. Though the Indian Banks Association has protested such reworking, fearing it could turn the loans banks have given developers into NPAs and the ministry of new and renewable energy has deplored the practice, it still continues.

The way the wind blows - Amala Devi and Bharath Jairaj

The Hindu: September 28, 2017

Tamil Nadu has reaped the benefits of better planning and forecasting in integrating wind energy into its energy mix

Over the past few months, two seemingly conflicting developments have emerged around wind energy in Tamil Nadu.

The first is a milestone for the wind energy sector in the State. On July 11, the Tamil Nadu Generation and Distribution Corporation (Tangedco) evacuated more than 5,000 MW of wind power, replacing almost 1,000 MW of thermal power and operating several other plants at half capacity. Wind power accounted for almost a third of the State's electricity demand that day.

Tamil Nadu has been historically struggling to evacuate the huge amount of power generated by its wind farms, especially from June to September when the winds are the strongest. This was partly attributed to its inability to predict wind-power generation ahead of time and plan contraction of coal power accordingly. Starting 2015, the State took the lead in using good forecasting techniques, with the support of the National Institute of Wind Energy. As a result, there has been a steady rise in the amount of wind power evacuated.

Tamil Nadu is also expected to fully realise its renewable energy potential once the Raigarh-Pugalur green power transmission corridor, with a capacity of 6,000 MW, is completed by May 2019. It is also investing in its fourth wind power sub-station at Thennampatti, in addition to the ones in Ramnathapuram, Thoothukudi and Tirunelveli.

Market sentiment

The second revolves around the bleak market sentiment for wind developers in the State and across the country. In February this year, India took baby steps towards discovering wind energy tariffs through auctions rather than feed-in tariffs fixed by regulatory commissions.

Under the first auctions held for 1,000 MW, wind prices fell to a new low at ₹3.46 per unit from the previous low of ₹4.16 per unit fixed by the Tamil Nadu Electricity Regulatory Commission. While auctions are a step in the right direction to ensure competition and transparency, this development has led to a situation where States like Tamil Nadu refuse to sign future power purchase agreements (PPA) at feed-in tariffs. Some States are also rethinking their existing PPAs that are priced higher than the auction price. For instance, Karnataka cancelled 400 MW of existing PPAs leaving developers with no option but to go for resource-intensive legal remedies.

Tamil Nadu recently announced its plans to procure 500 MW through auctions with a base price of ₹3.46 per unit, but the wind energy companies filed a petition with the Madras High Court opposing the move since they felt that it would cut into their profit margins. The court allowed Tangedco to go ahead with the auctions, which led to another record low price of ₹3.42 per unit. However, it has asked that the auction winners not be issued allocation



letters till the case is resolved. Additional problems such as arbitrary curtailment of wind power and backlogs in payment by Tamil Nadu's electric utility further eroded their faith in participating in the auctions at low margins. All of these also reflected the larger sentiment for the sector in the country, prompting the Ministry of New and Renewable Energy to write to seven States, including Tamil Nadu, to facilitate honouring of wind energy contracts.

In the context of the larger developments in the country, the two narratives emerging present a unique opportunity for Tamil Nadu, which successfully showcased the benefits of better planning and forecasting in integrating wind energy into its energy mix. It has progressive plans that take into account the increased potential for wind energy markets once the green corridor is put in place. And it has the largest wind capacities in the country and significant developer and manufacturer interest. But as the recent developments show, transitions will never be linear. Flexibility for cheaper, better energy options need to be balanced with market stability and investor confidence. Tamil Nadu, like other States, needs to ensure this balance for regulatory clarity and sending the right signals. And most importantly, it must continue to build on its planning process for the sector to truly integrate clean energy into its grids.

Amala Devi and Bharath Jairaj are project associate and senior associate, respectively, with the energy programme and Governance Centre at World Resources Institute, India

Rs 9000 crore solar parks to add 1,500 MW to Tamil Nadu power grid

The New Indian Express : September 27, 2017

Tamil Nadu will be adding 1,500 MW of solar power to its capacity after the State signed a Memorandum of Understanding with solar firms to set up 16 solar parks at a cost of Rs 9,000 crore.

This would enhance the capacity of solar power in the State to 3,247 MW. Currently, the State is producing 1,747 MW of solar power. It learnt another 700 MW of solar power is in the pipeline. Tangedco sources said the plan is to enhance the capacity of solar power to 5000 MW by 2021.

A State electricity board official told Express that of the 16 solar companies, four signed an MoU with the electricity board on Tuesday in the presence of Chief Minister Edappadi K Palaniswami, State power minister P Thangamani, Chief Secretary Girija Vaidyanathan and electricity board chairman M Saikumar.

The MoU is being signed after the State floated a mega tender to build 1,500 MW solar parks. The State electricity board said power will be procured at a cost of Rs 3.47 per unit.

All the 16 firms have agreed to that procurement cost. The MoU was signed with Neyveli Lignite Corporation, Bengaluru-based Raasi Green Earth Energy, Kolkata based NVR Energy Private Ltd and Narbheram Vishram.

Neyveli Lignite Corporation has signed an MoU to set up a solar park at Tirunelveli to generate 709 MW. Similarly, Raasi Green Earth Energy will generate 100 MW of solar power in Ramnad. The other two Kolkata based energy firms will also be generating 100 MW of solar power each.

The solar parks will start generating power within the next 18 months, a State electricity board official said. It was in January-February that Tangedco conducted auction for 500 MW of solar park. The lowest tariff then was Rs 4.40 per unit. The tariff of solar power, which was as high as Rs 10.95-12.76 per unit in 2010-11 has dived due to the plunging prices of solar panels.

On autopilot, Tangedco cruises into hazy future



Times of India: September 20, 2017

It was not too long ago that the state power utility, Tangedco, struggled to meet the increasing power demand in Tamil Nadu. The situation has improved in recent years, partly because of commissioning of new thermal and solar plants, and partly because of a slide in industrial investment in the state owing to which power demand has not been increasing much. But the future seems to be bleak once again.

With the wind season coming to an end, the discom is heavily dependent on thermal units struggling to get adequate coal. Six new thermal units with a total capacity of 4,380MW and a project outlay of Rs30,764 crore, which were announced during Jayalalithaa's tenure, are struggling to meet their deadlines. While five of them — two units of 800MW each in Uppur in Ramanathapuram district, one unit of 800MW in North Chennai stage III and two units of 660MW in Ennore SEZ — have virtually not taken off, the sole unit that has completed 30% of the work at Ennore expansion, with a projected capacity of 660MW is in doldrums as the promoter Lanco has filed application for insolvency. None of them will be able to generate power before 2020 though three of them, with a cumulative capacity of 1,460MW, were to be ready by next year.

No new project has been proposed by the present AIADMK government, after Jayalalithaa's demise in December last year. Jayalalithaa had laid the foundation stone for the Lanco thermal power project. The discom is seriously considering taking over Lanco's thermal power project to salvage it, said a senior Tangedco official. "We are planning to act shortly in this regard," said the official. But even if Tangedco takes over the project, it may take another three years for completion.

Uppur project has hit a roadblock as some land owners have approached courts against acquisition of their land. "BHEL has been awarded the tender for Uppur project, but we are yet to acquire 50-60 acres for the project. Around 196 acres have been handed over to BHEL so far," said the official.

"TNEB is bogged down by serious employee shortage in the field level. As on date, the staff shortage has crossed 40,000 and the government has taken a policy not to recruit. As a result, there aren't enough workers to handle transformer and transmission line faults. Contract workers, who are being engaged, are not properly trained, owing to which we face frequent accidents," said DMK's TNEB trade union president S Ratnasabapathy. The power utility provides only 50% of the required labour, he charged and added that every month four to five contract workers get electrocuted owing to non-availability of trained staff. There are many other instances of contract workers suffering serious injuries and burns. They do not even wear protective gears to prevent electrocution, he said.

Meanwhile, permanent employees have been on a war mode for some time as wage revision talks are not heading towards any conclusion.

On the distribution front, consumers complain that the discom does not respond in time when complaints are preferred about transformer failure. "We face power cuts and load shedding on a regular basis. Whenever we call Tangedco numbers, they remain either engaged or people don't attend calls. It is high time the power utility reined in its reckless employees who don't care a bit for the consumers," said M Priya, a resident of Velachery.

The only saving grace is that thanks to a proactive CMD, M Saikumar, the financials of the discom has improved substantially in recent years, so much so that it could register operational profit this financial year. Improved finances may help TNEB take over the additional burden of the pay revision, as and when it is implemented.

The sliding tariff for solar and wind energy in recent times has helped Tangedco bring down power purchase cost. Moreover, it has virtually stopped buying power from high-cost independent private power producers. The Central government's decision to reopen coal



blocks and stop import of coal have helped Tangedco save several thousand crores of rupees annually. Tangedco's coal purchase was mired in controversy and was a big drain on its resources in the past.

Wind Energy Developers Set New Tariff Record In India

Clean Technica : September 25, 2017

The second-ever wind energy auction in India reaped encouraging results with nearly twice the capacity allocated as offered, and at record-low tariffs.

Earlier this year, the Tamil Nadu Generation and Distribution Corporation (TANGEDCO) floated a tender to set up 500 megawatts of wind energy capacity. This was the first wind energy auction organized by a state after the central government, and many state governments, moved away from the feed-in tariff regime.

The Indian government, through the Solar Energy Corporation of India, offered 1,000 megawatts of wind energy capacity through competitive bidding. SECI allocated 1,050 megawatts of capacity at ₹3.46/kWh (6.8¢/kWh), which is lower than any feed-in tariff on offer across the country.

TANGEDCO had set ₹3.46/kWh (6.8¢/kWh) as the ceiling price for its 500 megawatt auction, so a new tariff record is not exactly unexpected.

The lowest bid was submitted by Regen Power Tech, a wind turbine manufacturer, for 250 megawatts of capacity at ₹3.42/kWh. Another company, Leap Green Energy, also secured 250 megawatts at ₹3.43/kWh.

Interestingly, coal mining company Neyveli Lignite Corporation secured 400 megawatts of capacity at ₹3.45/kWh. The company has stated ambitious plans to expand into the renewable energy market. It had recently won 709 megawatts of solar power capacity in a solar power auction also organized by TANGEDCO.

Tamil Nadu leads Indian states in terms of installed wind energy capacity – it has 7,500 megawatts of operational wind projects. The path that Tamil Nadu takes will very likely be emulated by other states. Already, Gujarat has issued a wind energy tender. Several other states have refused to sign power purchase agreements with wind energy projects ever since the tariff bids fell well below the average feed-in tariff of around ₹5.00/kWh.

While Tamil Nadu has moved to a more market-efficient model for setting up wind energy projects, it has yet to improve upon the operational conditions for wind projects. Several developers have complained that they are forced to reduce wind power generation in the absence of adequate transmission capacity while there have also been reports of delay or non-payment to the developers by power utilities.

Toll free numbers for power disruption complaints in Erode

The Hindu : September 25, 2017

Tamil Nadu Generation and Distribution Corporation (Tangedco) has asked its consumers to lodge complaints related to power disruption to the toll free number 1912 and 1800-4251-1912 that functions round-the-clock.

A press release from the T. Rajendran, Superintending Engineer, Erode Electricity Distribution Circle, said that consumers coming under the 15 offices in the corporation limits including, Erode Town, Erode South, Erode East, Erode West, Edayankattuvalasu, Narayanavalasu, Thindal, Veerappanchatiram Town, Veerappanchatiram, Karungalpalayam, Muthampalayam, Ashokapuram, Mettukadai and Solar can lodge complaints related to power disruption at the computer-based grievance redress centres at the numbers. Also, complaints can be lodged at the numbers, 2260066, 2240896 and mobile numbers, 94458-57205/206/207 and 208.



NDA govt's electricity push when states are switching off costly power

The New Indian Express: September 27, 2017

Being locked into these expensive cost-plus perpetual contracts, despite having cheaper power available in the spot market, effectively bleeds the state discoms and limits their capacity to push for last mile linkages by offering cheap power.

The NDA government's electricity push aimed at last-mile connectivity announced by the Prime Minister on Monday comes at a time when states have moved to unplug expensive electricity supplied by a number of power stations operated by Central utilities.

Over the last three months, as many as 16 states and Union territories are learnt to have surrendered a cumulative entitlement of 6,625 MW of electricity from mostly old and inefficient power stations operated by Central utilities such as thermal major NTPC Ltd and hydroelectric utilities NHPC Ltd and THDC India Ltd in recent months.

Most of this supply is under contracts (power purchase agreements or PPAs) that states are locked into, wherein the power generation utility is entitled to extract the fixed charges even if distribution companies or discoms are not drawing their allocated share of power. At least a third of these states — including Madhya Pradesh, Haryana, Rajasthan, Bihar and Jharkhand — are ruled by the BJP, either on its own or in a coalition.

A majority of these thermal and hydro power generating stations operate on the cost-plus tariff model, under which developers get assured returns over the investments made and operating costs are passed on entirely to the consumer. The overall tepid electricity load trends on account of the continuing sluggishness in the industrial sector has further prompted the move by states to give up their allocations from these stations.

Being locked into these expensive cost-plus perpetual contracts, despite having cheaper power available in the spot market, effectively bleeds the state discoms and limits their capacity to push for last mile linkages by offering cheap power. Many of the thermal plants under question are operating at very low plant load factor and many units remain under continuous shutdown. As a result, many new power plants are in financial distress due to poor offtake and are hard pressed to service loans.

"The stranglehold of state and central generating stations on the government and the electricity regulators is such that the discoms are not allowed to exit the legacy long-term power purchase agreements of the pre-reform era and obliged to pay entire fixed and variable charges even if these plants are hardly operating," an analyst tracking the power sector said. As a result, despite the available surplus supply, there are admittedly over four crore households, or about 20-25 crore people living in darkness.

On Monday, the Prime Minister launched a nationwide electrification scheme — the Pradhan Mantri Sahaj Bijli Har Ghar Yojana 'Saubhagya' scheme — which aims to provide electricity connections to cover these 4 crore families that still lack an electricity connection. The power from most of these plants from where states have surrendered their allocations averages at about Rs 5-6 per unit, even as the prices in the day-ahead market on the power exchanges averages at about Rs 3-3.5 per unit.

Despite the lower prices, there are no takers for about 50 per cent of the power offered on the power exchanges — partly a result of the fact that financially-starved discoms lack the leeway to shift from costly power sources to cheaper options.

Discoms are generally singled out as culprits for the power sector's woes, while the practice of state-owned generators saddling them with expensive power has escaped the attention of policymakers. "Unless discoms are allowed to exit from the old, inefficient and polluting PSU



generators as wells from other exorbitant PSU power plants, they will not have money to buy additional power required to supply additional consumers. Delicensing generation sector has been a great success but in order to tap its benefits in full measure, it is necessary to free up discoms from old PPAs," an official from a state-owned discom said.

Given the power surrendered by states, an exercise that they had initiated over the last 30 months, the Centre has now moved to ask other states if they are interested to avail of this power. "Suitable reallocation can be considered by the Ministry if other states move to seek this surrendered power. Some states such as Uttar Pradesh and Himachal Pradesh have already moved to claim some of this," a power ministry official said.

Centre to give regulators more teeth to punish PPA-dodging discoms

Business Line: September 26, 2017

The Centre is looking to strengthen the legislative framework to prevent power distribution entities from dodging long-term off-take commitments made to generators. This could include stricter penal provisions for discoms that fail to meet their commitments.

Minister of State (Independent Charge) for Power and New and Renewable Energy RK Singh told *BusinessLine*, "We want to strengthen the regulators and make them more independent... We want them to have the power to penalise power distribution companies for not honouring power purchase agreements (PPAs)." Singh's comments assume significance as State government-controlled distribution utilities have been terminating PPAs with generation companies.

A power sector analyst said, "It is the responsibility of State electricity regulators to prevent generation or distribution companies from backing out of their commitments. Members to the State Electricity Regulatory Commissions are appointed by State governments, who in turn control the power distribution companies. This puts the regulators on the back foot while taking decisions that punish discoms."

Power distribution company reforms have been at the centre of policy initiatives of the National Democratic Alliance government. In an official statement, the power ministry said a State-wise analysis shows the Ujwal Discom Assurance Yojana (UDAY) is resulting in significant improvement across profitability and operational parameters. "Of the 27 States & UTs which have joined UDAY, 23 are exhibiting improvement in AT&C Loss reduction or decrease in Cost Vs Revenue gap (ACS-ARR Gap)," the statement added.

Key defaulters

Despite this, Madhya Pradesh, Maharashtra and Tamil Nadu have been identified as key defaulters, with payment delays of 9-12 months, to wind power producers. Andhra Pradesh too figures on the list. The total dues that discoms owed to wind energy players alone swelled to over ₹2,000 crore till June.

A statement by analyst firm ICRA said State discoms in Andhra Pradesh, Karnataka and Uttar Pradesh are renegotiating or cancelling PPAs with wind and solar power developers.

Why the future of Open Access in Power looks grim-Rasika Athawale Senior Manager, Strategy, Hiranandani Group of Companies

The Economic Times : September 21, 2017

A consultation paper issued by the power ministry argues frequent shifting of supplier by Open Access consumers results in lack of clarity to the Discom for firming up its power requirement and tying up contracts to meet those requirements.

Natural monopoly businesses such as electric grids, telecom networks, gas pipelines, railways etc. are heavily regulated since they need to be readily available and affordable – these services are considered basic public necessity and should be within reach of citizens,



of all economic classes. That makes the tasks of regulators difficult as they have to ensure consumers' interests while at the same time provide sufficient incentives for investments required to maintain existing infrastructure and to create new infrastructure. In short regulators/ regulations provide a proxy for fair and transparent market conditions.

The Electricity Act, 2003, was enacted to enhance efficiency and bring transparency in India's electricity industry and provides a fundamental regulatory framework. One of the path-breaking policies under the Electricity Act, 2003 was allowing a consumer to purchase power directly from one or more generators/traders by securing "Open Access" on transmission and distribution grids. In exchange of allowance of free flow of electricity from point source A to B, the users have to pay for various network related charges (wheeling) and losses, as well as some other derived charges to keep level playing field unchanged for the incumbent utility and thereby avoidance of cherry-picking by rival suppliers (these include cross-subsidy surcharge, additional surcharge, open access approval related costs etc.).

For electricity consumer the freedom of alternate/ choice makes sense if it translates into a business case for tariff reduction. The assumption here is that the alternate arrangement is better in one or both parameters – (a) power procurement, and (b) power supply. This means either the customer is not happy with the power procurement decisions of the incumbent supplier (price/ quality/ attributes) OR is unhappy with the power network infrastructure costs/ efficiencies, or both. However given the natural monopoly nature of electricity infrastructure (which means parallel licensees/ multiple wires infrastructure providers are not encouraged) OA only brings choice of power supply source, and not the choice of connecting to a particular utility's wires infrastructure.

Therefore with such limited choice a consumer may procure power more efficiently as compared to its incumbent utility; though the consumer still has to bear the burden of network related inefficiencies of the incumbent. As discussed above the OA consumer is burdened with several charges to make him pay for what is right (usage) as well as what is wrong (inefficiencies of the system). In case the scale and scope of such charges is allowed to widen, it may prove detrimental for the implementation of open access.

A consultation paper recently issued by the Ministry of Power recommends increase in charges on similar lines. The paper makes a case that Discoms are at loss on several accounts if their consumers avail OA. According to the paper, frequent shifting of supplier by OA consumers' results in lack of clarity to the Discom for firming up its power requirement and tying up contracts to meet those requirements. The cross subsidy surcharge and additional surcharge are either not calculated by state commissions or not calculated accurately. This leads to recovery falling short of expenses which further stresses Discoms balance sheets.

At a more fundamental level the paper appears to make a case for blanket increase in fixed charge so that the Discoms (and their remaining consumers) are not burdened with fixed costs obligation for open access consumers. However this argument fails to acknowledge that equilibrium can only be obtained in this cost vs. recovery equation when 100% of the fixed costs are charged basis load/ connection (on per KW) and only the variable charges are charged basis consumption/ usage (on per kWh). Till the time such equilibrium is achieved, any unit reduction in sales will lead to under recovery of some portion of the fixed costs.

In reality the reason for not recommending such hypothetical equilibrium condition lies in the fact that energy billing should be such that conservation is promoted and there are enough incentives to the consumer to reduce her electricity usage. Imagine a situation where the fixed charge for a residential household connection is Rs.150 (instead of current ~ Rs.25) and usage charge is a meagre 0.50 Rs./kWh (instead of the current ~ 4.50



Rs./kWh). Will the residential consumer have any motivation to switch off the fans and television? The same logic when applied to high usage industrial / commercial consumers, leads to even further skewed results.

This in my opinion is the fundamental weakness in the Ministry's recommendation with ways to handle OA chargeability issues. Any increase in the OA transaction related charges shall eventually lead to consumers giving up their freedom of choice. OA may then be just a theoretical reform which failed to achieve its impact and died a slow death.

Kerala State Electricity Board fails to get its share of carbon credits

Deccan Chronicle : September 26, 2017

The KSEB has been deprived of the carbon credit gains secured by independent wind, solar and hydel power producers over the years as part of Kyoto Protocol's Clean Development Mechanism. The state has an installed capacity of nearly 230 MW from over 40 renewable projects, which include small hydel, wind and solar. Some like Ullunkal Hydro Power Project and Iruttukonam Small Hydro Project have secured carbon credits, called certified emission reductions (CERS) credit, from National Clean Development Mechanism Authority (NCDMA), the body that assigns carbon credits in India.

However, none of these independent power producers has shared the credits with the KSEB as mandated by rules. Each unit of credit is equivalent to one tonne of carbon dioxide reduced. Ullunkal project, for instance, had secured 51,514 CERS till 2013, after which figures are available. Iruttukonam's was almost similar, 50,955. A wind project, created by Zenith Energy Services, had secured 85,052. In August 2008 prices for CERS were \$20 a tonne. But by September 2012, prices for CERS had collapsed to below \$5. Now, it is further down to \$2. Even at this low, it is a huge amount.

As per CERC (Terms and Conditions for Tariff Determination from renewable Energy Sources) Regulations, 2012, the benefits have to be shared between the generator and the buyer. In the first year, 100 per cent of the credit can be retained by the project developer. In the second year, the share of the beneficiaries will be 10 per cent which will be progressively increased by 10 per cent every year till it reaches 50 percent. In short, from the fifth year of the project, the credit will be shared equally between the project developer and KSEB.

The KSEBL, however, has never shown any interest in securing its share. The State Electricity Regulatory Commission had, almost a decade ago in 2008, directed KSEB to explore the opportunity to earn carbon credits derived from reduction in emissions of green house gases. "Till date, KSEB has no records of carbon credits issued to power producers functioning in the state," a top KSEBL source said. Not just the public utility, even private players too seem least bothered. The NCDMA website shows that no major power project from the state has approached the Authority seeking credits.

Save Energy. Save Money. Save the Planet