

## Central Sector

❖ The **finance minister** has **announced a Rs 3,059.84 billion scheme over five years to reform the power distribution sector** in the country as part of the **union budget 2021-22**. The major features of the proposed scheme include prepaid smart metering, feeder separation and up-gradation system. Further, a framework will also be put in place to give consumers alternatives to choose from among more than one distribution company. To give a further boost to the non-conventional energy sector, an additional infusion of Rs 10 billion to Solar Energy Corporation of India Limited and Rs 15 billion to Indian Renewable Energy Development Agency Limited has been announced. Additionally, the Hydrogen Energy Mission 2021-22 for generating hydrogen from green sources has been announced. A national monetisation pipeline of potential brownfield infrastructure assets has also been proposed to be launched, for monetising operating public infrastructural assets including those of Power Grid Corporation of India Limited (Powergrid).

❖ The **Ministry of Power (MoP)** has **issued a revised trajectory of renewable purchase obligation (RPO)**, including a **long-term trajectory for hydropower purchase obligation (HPO)**. As per the notification, the solar RPO target may be met by power produced from solar power projects. Other non-solar RPO (excluding HPO) may be met from any renewable source other than solar and large hydropower projects. The HPO benefits may be met from the power procured from large hydropower projects commissioned on and after March 08, 2019, and up to March 31, 2030, in respect of 70 per cent of the total generated capacity for 12 years from the date of commissioning. Further, free power is to be provided as per agreement with the state government. The power provided for the local area development fund will not be included within this limit of 70 per cent. In case the free power is insufficient to meet the HPO obligations, then the state would have to buy additional power to meet its HPO obligation or buy corresponding amount of hydro energy certificate.

❖ **Power Finance Corporation (PFC) Limited and REC Limited** have **sanctioned loans** worth around **Rs 1,250 billion** under the **liquidity package for stressed discoms**. As of January 27, 2021, REC and PFC have sanctioned Rs 659.32 billion and Rs 590.67 billion respectively, while they have disbursed Rs 242.04 billion and Rs 218.70 billion, respectively. In a separate development, the state-owned power discoms in Andhra Pradesh, Telangana and Bihar have committed to reduce their commercial and financial losses in the next four years, to help these discoms get disbursements under the second tranche of the liquidity package.

❖ **NTPC Limited's second 800 MW unit** of the **Gadarwara Super Thermal Power Project Stage-1** has been **commissioned** by **Bharat Heavy Electricals Limited (BHEL)** in Narsinghpur district of **Madhya Pradesh**. Its first unit of 800 MW was commissioned by BHEL in 2019 and is presently under commercial operation. In a separate development, NTPC has invited expressions of interest (EoI) from domestic as well as global firms for setting up methanol production units at its power plants. The facilities will be developed in an aggregator mode on a build, own, and operate (BOO) basis. The last date to submit the EoI is March 30, 2021.

## State Sector

❖ **Energy Efficiency Services Limited (EESL)** has **signed agreements** with **South Bihar Power Distribution Company Limited** and **North Bihar Power Distribution Company Limited** for the **installation of 2.34 million smart prepaid meters** in Bihar, under its **Smart Meter National Programme**. The smart prepaid meters, connected through a web-based monitoring system, will optimise the discom's operational performance by increasing billing and collection efficiency, reducing the operation and maintenance cost, enhancing quality of service, alongwith providing the consumers with demand side management options.

❖ The **finance ministry** has **allowed Andhra Pradesh** to **borrow an additional Rs 15.15 billion** for **undertaking power sector reforms**. The state has started direct benefit transfer of electricity subsidy to farmers with effect from September 2020, which was one of the three stipulations in the reforms proposed for the power sector. Successful implementation of the reform has made the state eligible to mobilise additional financial resources equivalent to 0.15 per cent of its gross state domestic product. Further, the state has been granted permission to mobilise Rs. 91.90 billion for undertaking reforms in four citizen centric areas.

❖ In the **solar auction** conducted by **Andhra Pradesh Green Energy Corporation Limited (APGECL)** for **6.4 GW** capacity spread over **ten separate locations** has resulted in tariffs ranging between Rs 2.47 – 2.58 per kWh. Adani Renewable Energy Holding Twelve Limited has secured five solar power projects aggregating

Note: Rs 1 crore = Rs 0.01 billion; Rs 1 lakh = Rs 0.1 million; Rs 1,000 million = Rs 1 billion

3 GW, Shirdi Sai Electricals has secured four projects aggregating 2,200 MW, NTPC secured one project of 600 MW, while HES Infra and Torrent Power secured one project each of 300 MW.

## Private Sector

❖ **Tata Power** has received a **letter of intent (LoI)** from the **Odisha Electricity Regulatory Commission (OERC) for distribution and retail supply of electricity** in five circles of North Eastern Electricity Supply Company of Odisha Limited (NESCO). Tata Power will hold 51 per cent equity with management control and the remaining 49 per cent will be held by GRIDCO Limited. The geographical spread is more than 27,500 sq km and serves over 1.9 million consumers with annual input energy of 5,450 MUs. Further, the company will manage a network of more than 90,000 ckt km for a license period of 25 years.

❖ **Adani Green Energy Limited's (AGEL) subsidiary, Adani Solar Energy Four Private Limited** has commissioned a **100 MW (2x50 MW) solar power project** at Jalalabad in Shahjahanpur district and Sahaswan in Budaun district of Uttar Pradesh. Both the plants have power purchase agreements with Uttar Pradesh Power Corporation Limited at Rs 3.22 per kWh and Rs 3.19 per kWh, for a period of 25 years.

## Projects and Ventures

❖ **Powergrid** has **won two power transmission projects in Rajasthan** under the **tariff-based competitive bidding route**. The projects include the transmission system strengthening scheme for evacuation of power from solar energy zones in Rajasthan (8.1 GW) under phase II – Part A and Part B, on a build, own operate and maintain (BOOM) basis.

❖ **SJVN Limited** has secured the **679 MW Lower Arun hydro power project, located at Sankhuwasabha and Bhojpur districts of Nepal**, through international competitive bidding. On completion, the project will generate 3,561 MUs of electricity per annum. SJVN is already constructing 900 MW Arun 3 HEP in Nepal and 217km 400 kV associated transmission system.

## Financials

❖ **NTPC Limited** has recorded a **total consolidated income of Rs 283.37 billion** for the **quarter ended December 2020**, an **increase of 4.49 per cent** over **Rs 271.20 billion** in the **corresponding period last year**. The company's net profit increased by 15.67 per cent and stood at Rs 38.76 billion for the quarter ended December 2020 as against Rs 33.51 billion in the same period last year.

❖ **REC Limited** has recorded a **total consolidated income of Rs 90.89 billion** for the **quarter ended December 2020**, an **increase of 17.78 per cent** over **Rs 77.17 billion** in the **corresponding period last year**. The company's net profit increased by 35.45 per cent and stood at Rs 22.58 billion for the quarter ended December 2020 as against Rs 16.67 billion in the same period last year.

❖ **Tata Power Company Limited** has recorded a **total consolidated income of Rs 77.03 billion** for the **quarter ended December 2020**, an **increase of 7.95 per cent** over **Rs 71.36 billion** in the **corresponding period last year**. The company's net profit increased by 22.31 per cent and stood at Rs 3.18 billion for the quarter ended December 2020 as against Rs 2.60 billion in the same period last year.

## Debt and Equity

❖ **PFC Limited** has raised **\$500 million** through **issuance of USD denominated bonds** under **Reg S route** with a **fixed maturity of May 16, 2031**. The bonds have a fixed coupon of 3.35 per cent per annum. The proceeds from bonds will be utilised in accordance with the external commercial borrowing regulations of the Reserve Bank of India including for on-lending to power sector utilities. Further, the PFC's order book amounted to around \$2.55 billion, achieving an oversubscription of 5.1 times.

❖ **JSW Energy Limited** has **terminated its resolution plans to take over the stressed thermal power asset of Ind-Bharat Energy (Utkal) Limited**, which is setting up a 700 MW thermal power plant in Odisha. On October 3, 2019, a resolution plan had been submitted by JSW Energy to the Committee of Creditors for the corporate insolvency resolution of Ind-Bharat Energy. Reportedly, in the intervening period of over 15 months, a material adverse change event has occurred, which entitles the company to terminate the resolution plan.