Power Weekly Newsletter

June 07, 2021 – June 13, 2021

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

Central Sector

- The **Ministry of Power** (MoP) has **released** a **discussion paper** on **redesigning** the **Renewable Energy Certificate** (REC) market to **align** it with **emerging changes** in the **power sector** and to **promote new renewable technologies**. The paper proposes to make RECs valid in perpetuity instead of having a validity period. The REC holders would have complete freedom to decide on the timing of the sale; therefore, forbearance prices will not be required to be specified. The Central Electricity Regulatory Commission (CERC) will need to devise a monitoring and surveillance mechanism to ensure there is no hoarding of RECs and artificial rise in market prices. Renewable energy (RE) generators will be eligible for REC issuance over a reduced 15-year period from commissioning date of the project and existing RE projects that are eligible to get RECs will continue getting it for 25 years. The ministry has sought comments and suggestions on the discussion paper by June 25, 2021.
- The **MoP** has **allowed state governments** and **union territories** (UTs) **flexibility** in **utilisation** of **domestic coal** in power generating stations **to reduce the cost of power generation**. States are permitted to utilise their linkage domestic coal, under flexible utilisation of coal, in the case-2 scenario-4 power plants which will result in reduction in the cost of power. The savings will be passed on to the electricity consumers. This will also help reduce the import of coal, in line with the Aatmanirbhar Bharat initiative. It will also decrease carbon emission as the coal will be used in the more efficient power plants with lower station heat rate. Presently, consumers of Punjab, Haryana and Uttar Pradesh will benefit from the scheme.
- The **Ministry of New and Renewable Energy** (MNRE) has **issued specifications** and **testing procedures for** various **solar off-grid applications** covered under **its schemes**. MNRE has proposed to update specifications for solar street lights, solar photovoltaic (SPV) micropumps and solar study lamps; and both specifications and testing procedure for SPV water pumping systems and universal solar pump controllers. These specifications have been updated by the ministry in view of improvement in performance parameters. MNRE invited comments and suggestions on the same by June 21, 2021.
- **Power Grid Corporation of India Limited** (Powergrid) has **commissioned Monopole-I** of the **± 320 kV, 2000 MW, Pugalur** (Tamil Nadu) – **Thrissur** (Kerala) **voltage source convertor** (VSC) based **high voltage direct current** (HVDC) **system**. This project is India's first VSC based HVDC system and it will enable transfer of 2,000 MW power to Kerala through the VSC HVDC station at Thrissur. The VSC technology significantly reduces the land requirement compared to the conventional HVDC systems. Monopole-II of the project was inaugurated February 19, 2021 and with the commissioning of Monopole-I, the project has attained its full capacity. The cost of the Pugalur-Thrissur HVDC system is about Rs 50.70 billion. It is a part of the Raigarh-Pugalur-Thrissur 6,000 MW HVDC system.
- **NHPC Limited** has **formed** a **joint venture** (JV) called **Ratle Hydroelectric Power Corporation Limited** with **Jammu and Kashmir State Power Development Corporation Limited** (JKSPDCL) for the development of **850 MW run-of-river Ratle hydroelectric project** in **Jammu and Kashmir**. NHPC holds 51 per cent stake in the JV and JKSPDCL holds the remaining. The cabinet has approved this project in January 2021 at a cost of Rs 52.82 billion. In a separate development, NHPC has signed agreements with Convergence Energy Services Limited (CESL) for leasing of 25 electric vehicles (EVs) and supply of 3 EV fast chargers to NHPC including its installation and commissioning as a step towards its commitment to environment. Another MoU between NHPC and Energy Efficiency Services Limited (EESL) to explore opportunities of energy efficiency and conservation measures in NHPC is under process.
- **REC Power Distribution Company Limited** (RECPDCL) has **handed over two projects specific special purpose vehicles** (SPVs) of **transmission projects** through **tariff based competitive bidding** (TBCB) to Powergrid. The two SPVs are Fatehgarh Bhadla Transco Limited and Sikar New Transmission Limited. Further, Powergrid has acquired transmission project, Sikar-II Aligarh Transmission Limited (SATL), from PFC Consulting Limited (PFCCL). It aims to establish transmission system strengthening scheme for evacuation of power from 8.1 GW solar energy zones (SEZs) in Rajasthan under Phase-II, on build, own, operate and maintain basis. SATL was incorporated on May 17, 2020 and is expected to start commercial operation in 18 months.

State Sector

- **CESL** has **signed two memorandum of understandings** (MoUs) with the **Meghalaya Power Distribution Corporation Limited** (MePDCL) and the **UT of Ladakh** for about **65 MW** of **decentralised solar portfolio**. With MePDCL, CESL has signed an MoU for 60 MW. It will involve finding synergies in business development to implement various sustainable solutions like pump sets, LED lighting and solar power stations for agriculture in the state. With the UT of Ladakh, CESL has signed the MoU for 5 MW for implementation of various clean energy and energy efficiency programmes including decentralised solar power in Zanskar region.

Private Sector

- The **Competition Commission of India** has **cleared Tata Power Company's acquisition** of **51 per cent stake each** in **three state power discoms** in **Odisha**. Tata Power had proposed to buy stakes in Western Electricity Supply Company of Odisha Limited (WESCO), Southern Electricity Supply Company of Odisha Limited (SOUTHCO) and Central Electricity Supply Company of Odisha Limited (CESCO). The deal comes after separate competitive bidding processes initiated by the Odisha Electricity Regulatory Commission.
- The **independent power producers** (IPPs) have **sought a larger loan facility** for **discoms in addition to** the **Rs 1.25 trillion liquidity package** at the discoms' disposal. The overdues of the state-run discoms to the IPPs have risen by 8 per cent at end-April 2021 to Rs 360.18 billion. The liquidity infusion scheme for the power sector which originally was of Rs 900 billion and meant to cover the dues till March 2020, was expanded to include overdues till June 2020. The Association of Power Producers (APP) has requested to the MoP to grant an extension of time coverage of liquidity window to cover dues till March 31, 2021.
- **Tata Power** has become the first distribution utility in **Mumbai** to **initiate smart metering** for its consumers with over **7,000 smart meters installation** already so far. With the installation of smart meters, Tata Power has also enabled its customers with valuable data analytics tools. The customers can now view and optimise their electricity consumption in near real time through the customer portal and mobile app.

Projects and Ventures

- Gujarat-based **Solex Energy** has **signed a deal** to **order 1.2 GW of solar module production equipment** from **Jinchen Machinery, China**. The production line is being installed near Surat. Once fully automated, it will be capable of manufacturing panels based on wafers up to 210 mm and featuring multi-busbar cells and micro-gap technology. The manufacturer has stipulated that 600 MW first phase of the order will be commissioned by October 2021. The installation of phase two will begin as soon as the initial production capacity goes into operation. Solex is taking a backward integration approach to expand its production capacity as it will develop a 1 GW solar cell production facility after the module line is completed.

Financials

- **NHPC Limited** has **recorded** a **consolidated total income** of **Rs 107.05 billion** for the **year ended March 2021**, a marginal **decline** of **0.66 per cent** from **Rs 107.77 billion** recorded **last year**. Its net profit increased by 7.09 per cent to Rs 35.82 billion from Rs 33.45 billion during the same period. The company recorded its highest ever net profit in 2020-21.

Debt and Equity

- **Tata Power's** wholly-owned **subsidiary Coastal Gujarat Power Limited** (CGPL) has **raised Rs 5.70 billion** through issuance of **non-convertible debentures** (NCDs). CGPL has issued and allotted unsecured, rated, listed, taxable, guaranteed, redeemable NCDs on a private placement basis for a tenor of 3 years. The proceeds of the NCDs will be utilised by CGPL towards refinancing of its existing debt, capital expenditure and augmentation of working capital. The NCDs have been rated IND AA(CE)/stable by India Ratings & Research and will carry a coupon rate of 5.70 per cent, payable annually.
- **NLC India Limited** has **raised Rs 5 billion** by **issuing commercial paper**. It has issued and allotted 10,000 commercial papers of a face value of Rs 500,000 each, aggregating to Rs 5 billion.