

# MONTHLY SECTOR UPDATE

Issue | August 2020



## POWER SECTOR

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“The power and energy sectors are the biggest constituents of the infrastructure sector. If you ignore them, no development will happen.”

-Narendra Modi

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# Impact of COVID-19

The power sector was one of the first sectors to fall under the economic liberalization program initiated in 1991. Beginning rather inauspiciously with the Enron scandal in the early 1990s, the sector has seen many remarkable changes since then.

Due to the COVID-19 pandemic, the financial health of electricity distribution companies (Discoms) in India and its consequences for the country's renewable energy (RE) ambitions are back in focus, as per many recent reports. The first of these reports - 'As Discom losses continue downward spiral, power secretary bats for better governance' said: "Revenue deficit of state power distribution companies has risen to the worst in nearly a decade, while other financial indicators are also bleak. The pandemic is only leading to further loss.

"Demand for electricity in India will be lower by 7 to 17 per cent due to COVID-19 by 2025", a new report by TERI has found. All 10 of India's largest power-consuming states will see a demand drop between 5 to 15 per cent, it states.

Lockdowns have lowered the demand for electricity across all consumer groups, causing a significant reduction in DISCOM revenue, putting even great strain on their finances. The Government of India has responded quickly with the Ministry of Power issuing draft amendments to the Electricity Act in April and the Prime Minister announcing a 90,000-crore liquidity boost for DISCOMs in May.

The supportive measures create an enabling environment for DISCOMs to get back on track and build back to a stronger and more financially sustainable power sector. How the sector rebounds will have far-reaching implications for many stakeholders. The new enabling conditions such as liquidity boost, amendments to the Electricity Act, and privatization of DISCOMs in the Union Territories

will impact the progress towards the clean energy transition as well. Stakeholders of all types can adjust and adapt to these changes as stimulus and legislation is implemented, and the economy recovers. Ensuring that all stakeholders are aligned and prepared to support DISCOMs' needs over the coming months and years is essential to a quick sector turnaround, and the Government is doing exactly that.

After getting severely hit by the Covid-19 pandemic, the rate of decline in electricity generation in the past few months have slowed down in July.

As per data available with grid operator POSOCO, electricity generation fell by 1.8 per cent in July as compared to the much sharper fall of 9.9 per cent in the previous month of June. The generation had also fallen sharply in April, when most parts of the country were under lockdown due to Covid-19 outbreak.

While the pick in power generation and consumption is a good sign of economic revival, the worrisome part is that the demand decline in July has continued at a much faster pace in the latter part of the month. In the first half, the reduction in a generation was just about 0.6 per cent, but it rapidly increased to 3.1 per cent after July 15.

**Nilaya Varma**

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Source:

1. *Supporting Discoms In Implementing Amendments To Electricity Act, A Niti Aayog, RMI India And Rocky Mountain Institute Collaborative, July 2020*
2. *Power Ministry*
3. *POSOCO*

# News & Announcements

## 1. Rewa Ultra Mega Solar Power project

Prime Minister Narendra Modi inaugurated the 750 MW Solar Project set up at Rewa, Madhya Pradesh on July 10, 2020. This Project comprises of three solar generating units of 250 MW located on a 500-hectare plot of land situated inside a Solar Park with a total area of 1500 hectare).

The Solar Park has been developed by the Rewa Ultra Mega Solar Limited (RUMSL), a Joint Venture Company of Madhya Pradesh Urja Vikas Nigam Limited (MPUVN), and Solar Energy Corporation of India (SECI), a Central Public Sector Undertaking. Central Financial Assistance of Rs. 138 crore has also been provided to RUMSL for development of the Park. After the Park had been developed, Mahindra Renewables Private Ltd., ACME Jaipur Solar Power Private Ltd., and Arinsun Clean Energy Private Ltd were selected by RUMSL through reverse auction for developing three solar generating units of 250 MW each inside the Solar Park.

## 2. Digital Conference on Aatmanirbhar Bharat on Renewable Energy Manufacturing.

To bring down renewable tariff, storage must be viable, pumped hydro must take off, in-house manufacturing must witness a jumpstart and battery must become cheap. Hydrogen may be the next big thing for transportation, alongside batteries to understand which is more economically viable. A city-wise segregated approach for the launch of hydrogen and batteries will be undertaken to measure the practical cost-effectiveness of these options by the Central Government.

Another key announcement by the Power minister in the conference was the power ministry's advocacy for the "Top-Runner program" in manufacturing of higher-efficiency next-generation solar products.

## 3. Power equipment security and quality checks

To have strict security and quality checks on all imported power supply system equipment and components, the Ministry of Power issued a notice to mandatorily scan all such imports for the presence of

software that could compromise the security of the country's critical installations. The Power minister has emphasized that imported equipment will be subjected testing to check influx of malware like trojan etc.

## 4. Conference of Power and New & Renewable Energy Ministers of States & UTs

The Union Minister of Power and New & Renewable Energy highlighted the need of Atma Nirbhar Bharat Abhiyan, envisaged by Prime Minister Shri Narendra Modi, in Power Sector while addressing the Power Ministers of State Governments and UTs through video conference on 3rd July 2020. He emphasized that all equipment that can be made in India should not be imported from other countries. The agendas discussed included Liquidity infusion scheme for DISCOMs to meet the challenges created by the COVID-19 pandemic, Reform Linked new Distribution scheme, the Electricity Act, 2003 (Amendment), Bill, 2020, KUSUM, Solar Rooftop and Capacity Addition to meet RPO challenges. It was highlighted in the Conference that a lot has been achieved in the power sector of India, which includes a capacity addition of nearly 15000 MW per year since 2014, connecting of the entire nation through one grid spanning far off areas like Leh and Ladakh with grid.

# Key Players' Updates

- NTPC Singrauli Unit 1, has emerged as the top-performing Unit in the country in the first quarter of the financial year, as per the data recorded and released by Central Electricity Authority (CEA). NTPC Singrauli is the oldest Unit and a flagship power station of NTPC Ltd. The first Unit of the station started generating on February 13, 1982 and it continues to serve the country with exceptional performance.
- State run NTPC Ltd has appointed consulting firm EY as an advisor for acquiring Reliance Infrastructure Ltd's Delhi electricity distribution businesses said two people aware of the development. NTPC, which accounts for nearly a fifth of India's installed power generation capacity of 370 gigawatts (GW), had in May evinced interest to buy Reliance Infrastructure Ltd's 51% stake each in BSES Rajdhani Power Ltd (BRPL) and BSES Yamuna Power Ltd (BYPL), that supplies electricity to around 4.4 million customers in the national capital.
- Central Electronics Limited has achieved another milestone by commissioning Ground Mounted Solar Power Plants with a cumulative capacity of 9MWp in the 1st quarter of the financial year 2020-2021 for the Innovative Project "Solar power for Agricultural Feeder". The Maharashtra State Electricity Distribution Corporation Ltd (MSEDCL) is the nodal agency for the project, and EESL is the main contractor. The ground-mounted solar projects are being set up in notified areas.
- NTPC Ltd, a Central PSU under Ministry of Power and India's largest power generation company, has won the prestigious CII-ITC Sustainability Award 2019, under Outstanding Accomplishment in Corporate Excellence Category. Its flagship CSR program GEM (Girl Empowerment Mission), a four weeks residential program has been institutionalized in the vicinity of its power stations for the benefit of school-going girls from an underprivileged background to support in their overall development.
- The Central Government has proposed a major push to domestic manufacturing of renewable energy equipment in the country that would eliminate the need for imports, particularly from countries such as China. As part of the plan, an accelerated manufacturing plan is being operationalized that is incentivizing setting up of solar cell manufacturing capacity of 4,000 MW that would allow project developers to restrict the import of this product completely.
- State-run power giant NTPC has floated a tender to acquire 1 GW operational solar projects, which entails an investment of around Rs 5,000 crore. In a tender or request for proposal (RFP) issued, NTPC has invited bids from the promoters or lenders, authorized financial intermediaries of power generation companies, independent power producers or developers for offering operational solar-based assets located in India.
- The Ministry of New and Renewable Energy (MNRE) has rolled out fresh guidelines for implementation of off-grid solar power plants under the RESCO and PPA mode. This is in reference to the ministry's earlier order that had extended the off-grid and decentralized solar photovoltaic (PV) applications program Phase-III, till March 31, 2021. According to the guidelines, under the Phase-III of the program, off-grid solar power plants of individual size up to 25 kW can be installed in areas where grid power has not reached or is not reliable.
- The Solar Energy Corporation of India (SECI) has issued a tender for setting up 1,070 megawatts (MW) grid-connected solar photovoltaic (PV) power projects in Rajasthan.
- With no power cuts imposed in Punjab as of now, Punjab State Power Corporation Limited (PSPCL) has started buying power on the power exchange at rates much lower than the cost of power generation at its own thermal and hydel plants. Also, the state is selling power generated on its own at the exchange. The state bought 26.72 lakh units on the power exchange for Rs 2.47 per kWh, while it sold 6.75 lakh units at Rs 4.05 kWh, in one day.

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The founding team is supported by a distinguished advisory board that includes experts with leadership experience across Government, large corporate and notable civil society organizations.



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