'Need to ramp up per capita power consumption'

RAHUL WADKE

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Anil Sardana, CEO and Managing Director of Tata Power, is known as a man who never minces his words. While he has taken Tata power to newer heights, Sardana wants to see regulatory changes that would help enhance the power sector. In an interview with *BusinessLine*, Sardana talked about the need for reduction in the number of state regulators and how per capita consumption of power needs to be ramped up. Edited excerpts.

THE BL INTERVIEW

What kind of role do you envisage for power sector regulators in an emerging market such as India?

In developed countries, the regulators are closer to the consumers and markets. But, in India, the regulators are closer to the government than power producers and consumers. We should try and build a consensus that the number of state regulators should be reduced. Getting trained manpower as regulators in 30 States is also very difficult.

Therefore, we need regional regulators, who will control regional electricity markets. The regulator will be able to take better decisions based on a pool of power available in that region.

For example, a western zone regulator will regulate companies in Maharashtra, Gujarat, Madhya Pradesh and Chhattisgarh. Such regional regulators should be developed across the country.

How do you see power sector developing in the country, especially with the Modi government launching new initiatives for the sector?

Five years ago, per capita consumption was 1,000 kilowatts/hr per year and today also, we have the same average consumption.

Therefore, what is of paramount importance is that we need to introspect as why the consumption is not increasing, especially, when India's consumption is one-third of the global average of 3,000 kilowatts/hr per person.

Coal supply to power plants has increased, the capacity addition has been very good. However, the power uptake from Power Distribution Companies has not increased. It means these companies have not been able to take more power to the people. Power is available on the grid, but consumption has not increased beyond 1,000 kilowatts/hr.

On the other hand, standby capacities have increased; use of diesel sets capacity has also gone up. Industrial units, malls, and housing societies are still buying DG sets. A study by the Petroleum Conservation Research Association has shown that 60 GW to 90 GW is the backup capacity created by DG sets, which is far too large.

The power sector is still not servicing the customers, in a manner, which will keep the customers away from the DG sets.

How do you see the Centre's UDAY scheme developing?

For the last 65 years, successive governments have been focussing on enhancing power supply and not so much on improving distribution. But, the recent scheme of the Power Ministry — Ujwal DISCOM Assurance Yojna or UDAY, is a step in solving the issues faced by power distribution companies.

It is for the first time that the Centre is providing positive incentives to the distribution companies and it is attempting to make these companies more competent.

The underlying assumption is that the companies will change and commit to reducing distribution losses.

But, we will have to wait and see how the scheme gets implemented. Because, in the past, similar schemes had been launched but they were not sustainable.

For the sustainable growth of schemes such as UDAY, it is essential for the consumers to use more electricity.

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ANIL SARDANA
CEO and Managing Director, Tata Power

In this scenario of stagnant power demand, are you looking at opportunities to set up plants overseas?

We are looking at opportunities and whichever geography offers risk mitigated avenues, the company will invest. Be it South Asia, Middle East, Turkey or Africa.

The hydropower projects in Zambia, Georgia (CIS) and Bhutan got cleared and executed faster by Tata Power.

In December 2011, Tata Power managed to get a 400 MW project in Himachal Pradesh and the project in Georgia was won in December 2012.

The Georgian project would be commissioned in the first quarter of the calendar year of 2017. But, by then, on the Himachal Pradesh project, not even the first brick would be laid.

Is the tariff issue of Mundra ultra mega power being closer to a resolution?

The recent order of the Appellate Tribunal for Electricity is in favour of Tata Power. It will pave the way for getting compensatory tariff. The Mundra plant has been built in record time and at the lowest cost. Our fixed cost is 90 paise per unit, which is a sustainable cost.

After the lifting of sanctions on Iran, is Tata Power considering new opportunities?

Tata Power's team has visited Iran a number of times. But, the business risk has not yet been fully mitigated. Iran will provide opportunities but we still need to wait and watch.