



‘There is a need to introduce a robust energy security policy in the country’

The Indian power sector has been growing and will continue to grow largely due to the strong demand from the ever growing population. As a major industry driver, Tata Power Company Ltd has a strong presence in all the major segments of the power sector like fuel security, power generation (thermal, hydro, solar and wind), T&D, etc. Under the headship of **Anil Sardana**, MD, Tata Power Company Ltd, the company is flourishing & achieving new heights everyday. During a conversation with the ace leader, **Devyani P Korgaonkar** attempts to assess the present scenario of the power sector in India. Excerpts...

HOW DO YOU PERCEIVE THE FUNCTIONING OF THE INDIAN POWER SECTOR?

The power sector has gone through turbulent times over the past few years. There were clear indications that the sector has been struggling with a number of factors like fuel supply shortage, unprecedented hike of coal prices in the international coal markets and the dismal financial health of the distribution sector. Despite grappling with challenges, the level of determination exhibited by the private sector to contribute to the growth of the power sector is highly commendable. The private sector has added around 15,000–20,000 MW

of new capacity in the last year. Tata Power itself has fully commissioned the country’s first 4,000-MW Ultra Mega Power Projects (UMPP) project at Mundra, which meets about 2% of the country’s energy needs.

WHAT IS THE STATUS OF MUNDRA POWER PLANT?

The Mundra Power Plant project was completed in a record time of one year from the date of commissioning of the first 800 MW unit in March 2012. The average gap between the synchronisation of the two units has been three-and-a-half months, which is better than the baseline schedule of four months and much better than the

five months provided in the original Power Purchase Agreement (PPA). The total generation from the plant till March 31, 2013, has touched 12,440 Million Units; going forward, the plant is expected to contribute more than 26,000 million kWh to the beneficiary states annually. Mundra UMPP supplies power to five states in the country—Gujarat, Rajasthan, Haryana, Punjab and Maharashtra.

ARE YOU SATISFIED WITH THE ‘POWER SECTOR REGULATIONS’?

The power sector is facing several challenges today—key amongst them being shortage of fuel. Despite India possessing huge coal reserves, the

domestic power sector is facing coal shortage and has opted to import coal to meet its requirements. This shortage may result in increasing the non-utilisation of assets that are already built; it would also distract new capacity additions, resulting in targets not being achieved.

Since independent power producers import coal from Indonesia and Australia, the sudden spike in price has rendered imported coal-based power projects economically unviable. Another major challenge to the sector is the shortage of natural gas in India. This has stranded gas-based power projects with a combined capacity of around 18,903.5 MW—accounting for only 9.13% of the total generation capacity. There is a need to introduce a robust energy security policy in the country. This should be done soon to provide guidance to all state regulatory commissions to plan bulk supply procurement in line with the basket of fuels that help India meet its energy security needs.

Besides fuel, the slow pace of distribution reforms is another key concern. Power distribution still remains a segment that needs significant reform intervention and a combination of tariff increases, competition & open access and enforcement of ‘obligation to service’. The distribution segment caters to 200 million consumers with a connected load of 400 GW, comprising one of the largest customer bases in the world. However, high financial losses and the debt burdens of distribution companies are hampering not just the electricity distribution but also questioning India’s ability to generate additional power. The third key impediment to growth is the commitment of states to support the developers in obtaining clearances, land free of encumbrances, etc. Without the engagement of the states, developers will have to wait endlessly for their investment to be deployed on ground.

WHAT ARE TATA POWER’S PLANS WITH

CREDENTIALS

Anil Kumar Sardana has been MD, Tata Power Company Ltd, since February 1, 2011. He served as MD, Tata Power Delhi Distribution Ltd, as well. Sardana holds a Bachelor of Engineering in Electrical from the University of Delhi (Delhi College of Engineering) and a Management Degree as well as Diploma in Senior Management Programme from Indian Institute of Management - Ahmedabad (MDP - IIMA).

REGARD TO INDIA’S RISING SOLAR POWER SEGMENT?

In line with the low carbon growth strategy, the Government of India is pursuing aggressive targets of generating energy from renewable sources. This has been reflected in the 12th Five Year Plan that has envisaged renewable capacity addition of 18,500 MW out of which 3,800 MW will be from solar capacity sources. This presents significant opportunities for players in the energy sector. The Government of India should, therefore, initiate an Energy Security Policy, conveying the use of portfolios, basket of fuels and must-issue guidelines on how regulators can ensure that at each state level, they build the tariff using bulk sourcing of power. This could be based on the prudent mix of both imported as well as domestic fuels’ portfolio. This is akin to Central Electricity Regulatory Commission (CERC) using the guidelines of percentage share of bulk sourcing from renewable sources of generation.

Tata Power is one of the major investors in power generation using renewable energy sources. The company has aggressive plans of generating 26,000 MW of power by 2020, and intends to have a contribution of 20–25% through a mix of clean energy sources that include hydro, solar, wind, geothermal and waste gas generation. The company has a dedicated team that looks for opportunities in the renewable energy projects and clean technology development.

WHAT ARE TATA POWER’S PLANS FOR GEOTHERMAL ENERGY?

Geothermal energy has been a key focus area for us outside India. A Tata Power-led consortium along

with Origin Energy, Australia and PT Supraco, Indonesia, won the 240-MW Sorik Marapi Project. The expected commercial operation date for the project is June 2015. Tata Power is the only Indian player in geothermal energy. The company invested in geothermal energy—both conventional and Enhanced Geothermal System (EGS)—in Geodynamics, an Australian-based geothermal energy company, in 2008. Tata Power has recently commissioned the 1-MW geothermal pilot plant in Australia.

WHAT KIND OF PROJECTS ARE YOU PLANNING IN THE COMING YEARS?

Tata Power is India’s largest integrated power player with an installed capacity of 8,521 MW spread across the value chain of generation (both conventional and non-conventional), transmission, distribution, trading and fuel & logistics. The company is also one of the largest renewable energy players in the country having significant capacity in wind and solar. Tata Power will continue to pursue avenues to add ‘clean and renewable energy’ generation capacities to increase its renewable energy portfolio wherever possible.

The company has plans to keep fuelling its multifold growth across the power value chain. The company aims to generate 26,000 MW, with 4,000 MW of distribution and secure 50 mtpa of fuel resources by 2020. It intends to have a 20–25% contribution from ‘clean power sources’, which will include a mix of hydro, solar, wind, geothermal and waste gas generation. Towards this end, it has various projects in the pipeline. The company is in the process of deploying resources in various geographies to understand the market dynamics and scout for opportunities. ■