

**India Electricity 2008**

September 11, 2008, New Delhi

**Speech by Shri Sushilkumar Shinde, Hon'ble Union Minister of Power, Government of India**

India Electricity 2008 is the third edition of the joint initiative of Ministry of Power and FICCI to get all the major stake-holders together and to deliberate upon the trends in the Indian power sector. The Conference in 2006 concentrated on the 'Opportunities for Investment and Growth'. Last year the Conference highlighted the 'Investment Opportunities and Challenges' in the Indian power sector.

With the twin primary objectives of 'providing access to electricity for all by 2012' and 'enhancing per capita electricity consumption to 1000 units by 2012' a string of policy initiatives were taken in the last few years. I must say that in response to these various policy initiatives, as also in response to the various efforts at showcasing them, including India Electricity 2006 and 2007, there is unprecedented activity in all areas of the power business.

The enhancement of the capacity of inter-regional power transfers, the imminent creation of a national grid, and the setting up of power markets have greatly spurred private investor interest. Gone are the days when projects required escrows, government guarantees and counter-guarantees to achieve financial closure. Project developers and financiers now seem to have so much confidence in the readiness and maturity of the market to off-take power in the eventuality of default, that sometimes financial closures are taking place only on the basis of a PPA with a power trader.

Against our 11th plan target of adding 78,000 MW of capacity, projects totaling 63,312 MW are today under implementation, out of which 18,177 MW are in the private sector. This does not include captive generation projects, and projects which are to yield benefits during the 12th plan period, such as three Ultra Mega Power Projects which have been awarded, most of whose benefits would become available during the 12th plan period.

Work on 32 coal blocks having total extractable reserves of 9916 MT allotted to various State and Central PSUs and to IPPs is in progress. These blocks are capable of feeding 29,000 MW. In addition, a number of IPPs have acquired coal mine assets abroad.

Hydro-Power sites for almost 22,000 MW have been allotted by States to the private sector by now. Most of these projects will yield benefits during the 12th and 13th plans. Our new Hydro-Power Policy, announced in March this year, has sought to create a level playing field for private project developers, and has also addressed some of the important concerns in respect of Resettlement and Rehabilitation which usually slow down implementation of hydro projects.

Along with thermal and hydro capacity addition, we are also now eagerly looking forward to very fast developments on the nuclear side in the wake of the very important diplomatic breakthrough that the country has achieved with the NSG waiver.

Close on the heels of the public-private partnership initiatives for the Tala transmission line from Bhutan and the Western region system strengthening project, documents have now been finalized for inviting bids for transmission lines already identified by an empowered committee. This bid process is expected to kick off very soon.

On the distribution side, two massive programmes have been taken up: in January this year the Rajiv Gandhi Grameen Vidyutikaran Yojana was cleared for implementation during the 11th plan with an initial outlay of Rs. 28,000 crore. Altogether 1,25,000 villages will be electrified and 2.34 crore below poverty line household will be provided connections free of charge under this programme. An important component of this programme is the stipulation that distribution franchisees would be appointed in villages electrified under it. Needless to say, this is a huge opportunity for employment and for creation of small entrepreneurs in villages.

Recently, the Accelerated Power Development and Reforms Programme has also been cleared for implementation in its revised form. The emphasis under this programme is on the use of technology, in particular IT, for more effective energy accounting and for enhancing managerial accountability, better network planning and tracking consumer satisfaction. The focus of the programme is on actual demonstrable performance in terms of loss reduction. Guidelines for implementation of this programme will be issued soon.

These initiatives have served towards unleashing dynamism that was waiting to be released. Delivering on promises, however, will require much more than dynamism. Our capacity to give shape to initiatives, and to implement all that has been undertaken requires equally huge efforts towards capacity building.

It is, therefore, important that this year the governing theme of the Conference will be Capacity Building in all areas of power business. I am sure, the three-day deliberations will provide very valuable input for our future policy initiatives. With these words, I inaugurate the Conference and wish the deliberations all success.

Thank you.