



Presentation on Provision of Affordable Electricity to all



Indian Perspective

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Present Scenario



- 44% of India's population or nearly 500 million people do not have access to electricity.
- Significant Energy (10.7) and Peaking (14.2) shortages.
- Distribution losses are of the order of 30% of the generation.

Goal is 'Electricity to All' by year 2012



Key Challenges

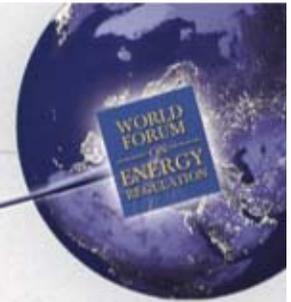


- Investment requirement assessed at USD 224 Billion during 2007-12.
- Public sector has limited funding capacity
- To invite private investments by introducing competition in generation and supply, unbundling and multi buyer and multi seller model is necessary . This needs consensus among different stakeholders.
- Improving the financial health of distribution utilities is proving difficult because of governance aspects.



Key Challenges

Contd....



- Successful implementation of open access requires rationalization of tariff by reducing the cross-subsidies.
- But provincial Governments are finding it difficult to give direct subsidies to consumers because of other competing demands on public finances for developmental schemes.
- Inter-state sale of power through open access is also proving difficult to implement in view of the power shortages within the Provinces.



Regulatory Perspective



- There is a Central Regulatory Commission to regulate inter-state matters.
- Province level Commissions to regulate distribution business and generation/transmission within the province. There are 25 such Commissions.
- About 90% distribution business is with government-owned entities.



Major Initiatives

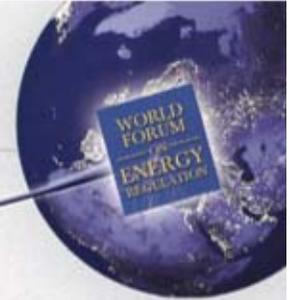


- Electricity Act, 2003 enacted to introduce competition in generation and supply through non-discriminatory open access on wires
- Central Government is implementing a national programme to financially support rural electrification
- Competitive tariff based bidding for discovering efficient generation and transmission costs.



Major Initiatives

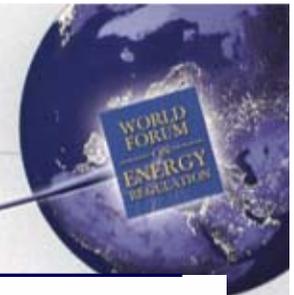
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- Accelerated capacity addition : adding 100 Giga Watts during 2002-2012.
- Reducing distribution losses through unbundling, additional investments in distribution for reducing technical losses and increased application of information technology to reduce commercial losses.

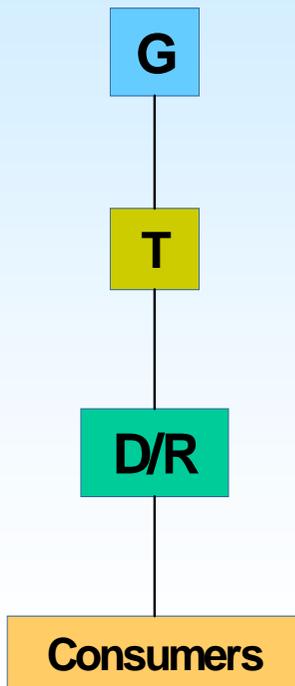


Evolving Industry Structure in India



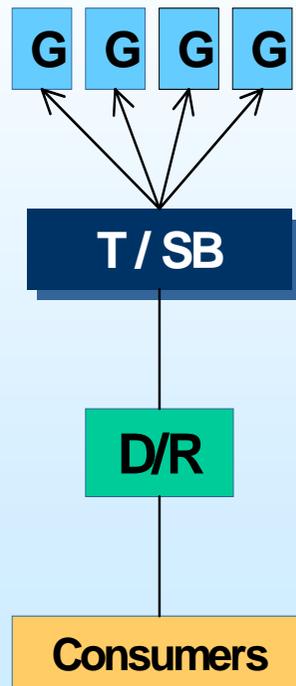
No Competition

- No choice
- Government makes decision



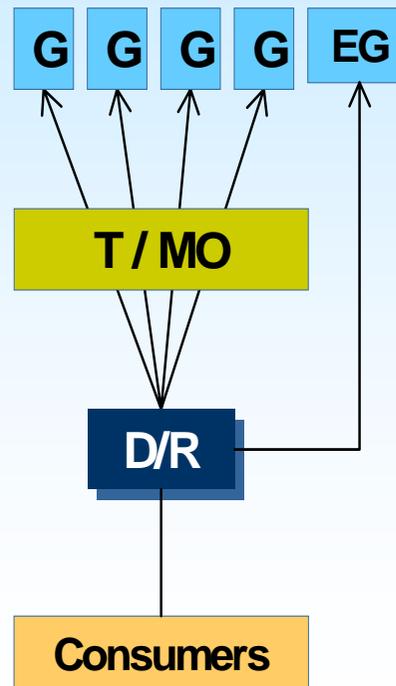
Generation Competition

- Single buyer has choice



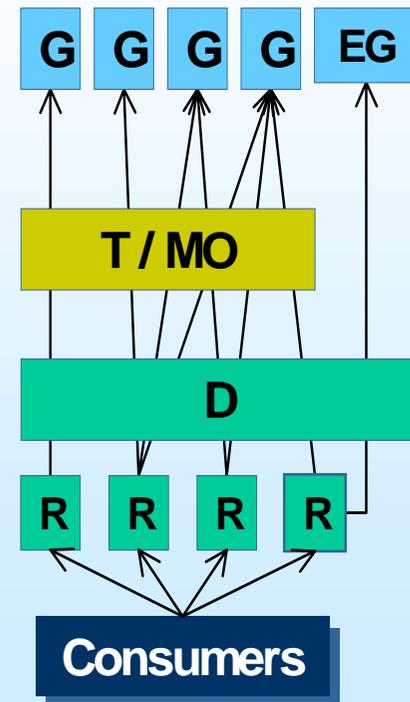
Wholesale Competition

- Distribution/retail companies have choice



Retail Competition

- Consumers have choice



= Who has choice

MO

= Market Operator

EG

= Embedded Generator



Prospects

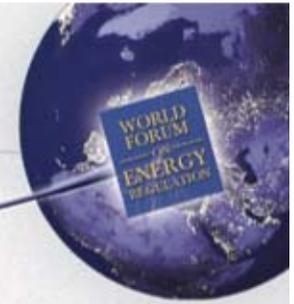


- Increasing acceptance of the need to open up sector for inviting new investments.
- National transmission grid being created to facilitate creation of national electricity markets and efficient utilization of resources.
- Tariff based competitive bidding has been successful in discovering very attractive and competitive generation costs.
- Few leading utilities have been able to reduce distribution losses significantly. Other are trying to replicate.



Prospects

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- Central Regulatory Commission is working for development of electricity markets and rationalization of transmission pricing.
- It is also implementing Renewable Energy Certificate scheme to support promotion of renewable sources.
- Open access would have greater success as the shortages are reduced.



Thank You