RESA (Regulatory reforms in Electricity sector in South Asia) Project

e-newsletter

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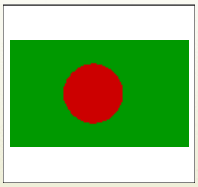

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Energy sector should grow in a planned way

All is not well with the country's power and energy sectors. Bangladesh needs to invest at least US$ 18 billion in these sectors by 2025 to make the generation and distribution sufficient for consumption of the people and industrial units.

According to reports, $10 billion worth of investment will be needed for raising the country's power generation to 17000 megawatt (MW) and expanding its distribution systems while another $ 8.0 billion will be required to explore for additional 24 TCF (trillion cubic feet) of natural gas by the said period.

A private-public partnership is essential for pumping such a large amount for coping with the country's growing demand for power and natural gas until the year 2025. However, there is a need for exploring more gas from new reserves and searching for alternative sources of energy for ensuring the country's long-term energy security.

For the present, the country's power generation units are producing at least 200MW less electricity per day than their capacity due to inadequate supply of natural gas. On an average, some 1730 million cubic feet (MMCF) of natural gas is available per day against the country's production capacity of 1840 MMCF. Taking the prevailing shortfall into consideration, the local industrial operators should be more economical in the use of natural gas.

Until today, the present government has already added 100MW of electricity to the national grid while another 90MW of power is to be added this month. A total of 1000MW of electricity is expected to be added to the national grid by the end of 2008. The country's total power generation is varying between 3300MW and 3400MW per day. Overall power supply had deteriorated in the last few days following the shutdown of four power units, caused by technical faults.

After the caretaker government took over, many irregularities centring the power sector came to limelight. Anwarul Kabir Talukder, who was sacked as state minister for power in the four-party alliance government, brought serious allegation to the effect that 'Hawa Bhaban-bureaucrat-business' syndicate had sucked Tk 80.0 billion from the power sector during the last five years. The immediate past government invested Tk 175.0 billion in the power sector, but could not produce one single megawatt of electricity during its tenure. He alleged most of the top officials belonging to the past administration were 'directly involved in massive corruption' in the power sector.

In its five-year rule, the alliance government allowed dishonesty to dominate various executive decisions in the power sector. As a result, the government failed miserably in the power sector and the nation is bearing the brunt of it. That the four-party alliance government had failed in the power sector was well reflected in the incidents of the Kansat killings and countrywide anger and protests. The discontent over power supply forced the otherwise indifferent government to change its power minister twice.

The demand-supply disparity widened mainly because the alliance government, despite its failure to implement new power projects, doubled the rural power supply network. This massive expansion of network financially benefited only the electricity pole suppliers -- who are basically some political bigwigs, and the ruling party lawmakers aimed at taking political leverage of bringing power distribution lines to their constituencies.

Allegations have it that the immediate past government abandoned a mature bid for a 450 MW power project due to mean political rivalry while a number of power projects simply fell flat because the government was trying to award them to incompetent, yet favoured, companies. After 2003, the Power Division started showing a false official power demand figure so that the level of load-shedding did not look as appalling as it was. On October 8, 2006, when the official power generation came down to 2,800 MW, the government said the demand was 4,200 MW. But according to data compiled from DESA, DESCO, REB and PDB, the peak demand now is over 5,200 MW and according to the government's Power System Master Plan, it is close to 5,900 MW. The Tongi plant turned out to be a grossly flawed project.

The highly unreliable plant tripped for nearly 90 times between May 2005 and October 2006. Internal investigations revealed literally hundreds of flaws in the machinery and substandard equipment.

There is no denying that the country's power sector was in a very bad shape due to rampant corruption, which badly hit private sector growth and investment climate. The World Bank (WB) recently warned that the country's future growth might slow down if the problems in the power sector are not resolved urgently. The WB, which has taken a tough stance on governance and corruption, said its future assistance will depend on the improvement of governance that includes reducing corruption.

It is worthwhile to mention unless energy sector grows in a planned way, economic development of the country is bound to hamper. If one industry remains closed for some reasons, a section of the people associated with the production and sales of the products are affected. But if a power plant remains closed for some reasons or power plants are not taken up for timely addition to meet the rapidly growing demand, the whole gamut of industrial and commercial activities are affected.

Due to high dependency on foreign loan for the development of power sector followed by high systems loss and poor management, power supply situation continued to deteriorate. Some age old power plants were in the process of rehabilitation in order to regain the lost capacity and to avoid complete shutdown. Due to the unilateral decision of the donors, the age old power plants could not be rehabilitated and new projects could not be taken up to meet the growing demand of the system.

As the power crisis was gripping the country, a good step was thought of to make a breakthrough to minimise the power crisis through import of power through cross border power trade. Eastern part of India had surplus generation capacity and, on the other hand, western side of Bangladesh had serious shortfall. Asian Development Bank (ADB) was also interested to finance the cross border transmission system development without any precondition.

A committee was formed with the directive of the ministry to study about the import of power from eastern part of neighbouring India. There were exchange of visits between India and Bangladesh. However, after 1995 the study could not proceed further due to political disturbance in Bangladesh.

Amid mounting public unrest and power outage, the government must go for a short-term solution first, and then go for a long-term solution. Overhauling of the closed power plants should be done as soon as possible and independent power plants should be

encouraged to generate electricity without any disruptions.

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The Financial Express, 06.04.08

Energy sector regulator's inconsiderate action

The situation with country's power supply does not require any elaboration. For power-users have been victims of frequent load-shedding day in, day out. In the summer days, the extent of load shedding peaks, causing untold sufferings to all concerned, including industries and commercial establishments. The problem of power, instead of showing signs of any improvement, has aggravated over the years, notwithstanding the fact all the governments for more than one decade and a half have made tall promises to bring about a noticeable change in the situation in the sector.

There is no denying the deteriorating power situation has affected all. But the worst-hit has been the industrial sector. The accumulated loss of production in mills and factories due to frequent power outages would run into billions of taka. The loss thus sustained by individual mills and factories, obviously, has a serious negative impact on the national economy. Failing to cope with a deteriorating power situation, many individual mills and factories-a large number of those are engaged in the production of export goods-- have installed captive power plants at their respective premises to maintain uninterrupted production. The production units fitted with such power plants are spending a good amount of money every month on fuel.

The extent of dependence on captive power plants can be well understood from their total generation capacity-an estimated 1100 megawatt (MW) to 1200 MW-which is almost equivalent to the average daily shortfall in power generation. Had the mills and factories remained solely dependent on the official supply of power, the outcome, no doubt, would have been disastrous.

However, the Bangladesh Energy Regulatory Commission (BERC) instead of appreciating the initiatives taken by the owners of mills and factories has, as it seems to be the case, decided to penalise the latter. Through a notification issued in January last, the BERC had made it mandatory to secure license for captive/ standby generators beyond 1.0 MW capacity against payment of fees ranging from Tk. 0.5 million (five lakh) to Tk. 2.5 million. Leaders of major chambers and business associations in a joint statement last Sunday deplored the BERC action and urged the government to immediately intervene to exempt the users from the payment of license fees for power generators.

The related law, as the business leaders have noted, empowers the BERC to provide such an exemption. Actually, it has become a moral, if not legal, responsibility on the part of the government to be sympathetic to the cause of the mills and factories using their own power generators, particularly, when it has been failing to make sufficient electricity available to these units. The government could have easily ignored the request from the business leaders, had the power generators been engaged in selling power to others.

Under such circumstances, the notification that provides for imposition of licence fees for captive power plants does reflect an inconsiderate attitude of the BERC. The regulator should have taken into consideration the situation prevailing in the power sector before issuing such a notification. Its action has come in contrast to that of another regulator-the Bangladesh Telecommunication Regulatory Commission (BTRC)-which is trying to ensure further growth of the telecom sector by providing necessary incentives to the operators in the sector. The BTRC has also earned kudos for its recent actions to streamline and discipline the activities in the telecom sector. Thus, the basic objective of a regulator should be to facilitate proper growth of its various client groups, not to impose unnecessary burden on them.

TOP

The Financial Express, 17.05.2008

Govt mulls changes in power marketing and distribution

The government is preparing a policy that seeks to introduce major changes in the existing marketing and distribution of power in the country. The changes are aimed at wooing more private sector investments in the power sector, officials said.

"The Power Division has started work on the formulation of the proposed policy to allow private power producers to use the state-controlled national electricity transmission line," power secretary Dr M Fouzul Kabir Khan told the FE. He said the state-run Power Grid Company of Bangladesh (PGCB) has already been asked to prepare a draft of the proposed policy and submit it to the power division by next week.

At present the state-owned Bangladesh Power Development Board (BPDB) is the lone buyer of electricity as it purchases power from all producers, both private and public, and sell it to different state-owned distribution companies. He said the PGCB carries electricity through its countrywide electricity transmission lines and collects wheeling charge under the existing system.

The state-owned distribution companies like Dhaka Electric Supply Authority (DESA), Dhaka Electric Supply Company (DESCO) and Rural Electrification Board (REB) purchases electricity from the BPDB at the rates fixed by the government. The electricity distribution companies also sell electricity to different clients like, industries, commercial entities and households at the prices fixed by the government, as per the existing system.

But once the policy is adopted the private entrepreneurs would have an edge in setting up power generation plants and sell the electricity to the clients of their choices, the power ministry officials said.

Under the planned policy private entrepreneurs would fix up tariffs of their electricity and all relevant issues through negotiations with their respective clients, while the PGCB would collect wheeling charges from the private sector entrepreneurs for using its facility, they added. The existing system has created a monopolistic situation, as the BPDB is the lone buyer of electricity from the power plants, an owner of a private-run power plant alleged requesting anonymity.

It has fueled corruption in the power sector as the clients do not have any option open before them other than buying electricity from the BPDB, he added. The new system might create a window of opportunity for private sector investments in the country's ailing power sector as the private power producers would have freedom to sell electricity to the clients of their choice and at negotiated rates.

Sources said due to absence of such a policy the power ministry is yet to utilise the country's huge captive power generation facility, which is around 1,000 megawatts (MW). The incumbent government last year initiated a process to bring additional power, generated by private sector captive power units, to the national grid. The government fixed tariff rates offered to the captive power producers were below the expectation of the latter. Currently, the country's total power generation is hovering around 3,500 MW against the estimated demand for over 5,000 MW.

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The Financial Express, 28.09.2008

NEPAL

- Bright ideas

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Bright ideas

For a country like Nepal where power brownouts last eight hours a day, improving efficiency in electricity consumption and distribution is crucial. Power generation has not increased for the last seven years. Such extended load-shedding can be reduced to some extent by controlling extravagant consumption and enhancing efficiency.

echnical and commercial losses amount to 35 percent in Nepal. This can be cut to 20-25 percent with some effort. The Nepal Electricity Authority (NEA) is the sole body responsible for generating, distributing and managing electricity in the country. If the NEA cannot raise power production to keep up with demand, it should look into increasing efficiency with a view to trimming down load-shedding hours.

owever, there are numerous obstacles that need to be overcome before this can be achieved. These barriers can be classified as external and internal. Technology is the first external barrier. Generally, new technology is costlier, and replacing old technology with new technology is determined by policy.

Secondly, bringing in new technology entails massive investments. Even when the initial investment can be recovered within the lifespan of the technology, the inability to put up the cash required is a barrier. Only banks can come up with the kind of money required.

However, these investments should be linked with the Clean Development Mechanism (CDM) of the UN framework convention for climate change in efficiency projects to defray some of the costs or to augment returns. The second way to increase investments in such projects is to combine the profits from producing new technology products.

In addition to the external hurdles, there are innumerable internal barriers. First, lack of knowledge among the stakeholders is an impediment to electricity efficiency. It is absolutely necessary to spread the message about the benefits of electricity efficiency. Consumers are reluctant to invest in energy efficient appliances because of their high initial cost, but they are unaware of the long-term advantages in the form of lower power bills and reduced energy use which ultimately benefits the entire country.

Secondly, electricity is indirectly subsidized, and customers do not have to pay the actual price. If people were made to pay what it actually costs, they would be more careful and would stop extravagant and unproductive use of electricity at home and at the workplace.

Thirdly, there is no incentive to adopt new technology designed to make more efficient use of energy. Appropriate incentive programs would encourage consumers to save power. Lastly, it is necessary to formulate relevant policies to reflect losses arising out of inefficiency in the power tariff. This means passing on the cost to the users. In order to implement this system effectively, a reward and punishment scheme should be enforced to stop extravagant use of electricity.

The advent of new technology and equipment will ultimately benefit the consumers. This will raise electricity efficiency thereby helping them to save on electricity bills and recover the outlay in a short period.

However, consumers of lower-income groups cannot afford the extra expenses of obtaining new efficient products. For instance, a 25-watt compact fluorescent light bulb (CFL) costs around Rs 350. This is 12 times the price of an ordinary 60-watt light bulb.

Using CFL bulbs will lower the monthly electricity bill for consumers, but they are not very keen about using them because they are not aware of the benefits and because they cost a lot. Therefore, it would be advisable to subsidize efficient products like CFL bulbs for first-time users belonging to lower-income groups. Urban consumers with higher incomes can be required to adopt energy-efficient technology by effective monitoring and employing a reward and punishment system.

Another appropriate example would be the water pumps used by farmers to irrigate their fields. The government has been providing subsidies to farmers who use pumping sets. These grants have been praised as a laudable step as they help to raise farm output.

But the thing is that farmers are using obsolete equipment that consumes massive amounts of electricity. And they don't have the money to upgrade to improved pumps. Credit facilities at subsidized interest rates would allow them to purchase energy-efficient machines, and this is where banks come in.

The above examples are related to lower unit consumption. The industrial sector, of course, is much bigger. In fact, it is the largest consumer of electricity. Industry is a vital segment of the economy that provides employment to a large number of people and produces various necessary goods. And it also devours enormous amounts of energy. Manufacturing costs in Nepal are very high, thus making Nepali goods less competitive in both the domestic and international markets. This is partly the result of obsolete plants that burn lots of expensive energy. Therefore, in order to reduce such inefficient power consumption, industries should be provided incentives to replace their outdated machinery. Such a move will save electricity besides bringing down the cost of production.

Load-shedding has a very negative impact on the economy. These brownouts are a consequence of demand outstripping supply. Expanding the country's power generation capacity is a long-term project, and requires massive financial inputs. But there's one thing that can be done immediately. We can save electricity by employing energy-efficient methods, and thus ease the load-shedding hours.

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Kantipuronline, 11.04.08

Power pilferage slur on NEA Official

The chief engineer of the Chandranigahapur branch Nepal Electricity Authority has been accused of power pilferage. Engineer Nawal Kishor Goit has been indulging in power pilferage since January, allege the locals and NEA staffer. Thanks to Goit, the landlord of the house where Goit resides, Kedar Basnet, is also getting electricity free of charge, allege the locals.

An NEA staffer said the office was losing Rs. 1,000 every month due to Goit's irresponsible act. Goit resides in a lodge located close to the NEA office.

Basnet has other lodges too, and even they, like Basnet, don't have to foot the electricity bill, allege locals. One local, Ashok Pahadi, said, "The NEA is supposed to take action against power thieves. Why is it turning a blind eye to Goit's misconduct?"

Meanwhile, Goit countered the allegation that he was stealing power and said he was only availing of official facilities allowed to him. He added that the locals were making an unnecessary hullabaloo over the issue.

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The Himalayan Times, 09.06.08

INDIA

Rajasthan

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5 lakh power connections for rural areas

The Rajasthan Government proposes to release about 5 lakh new domestic electricity connections in the rural areas this year in accordance with an announcement made by Chief Minister Vasundhara Raje in her Budget speech. The three public sector power discoms in the State have issued guidelines in this regard.

An official release stated here on Sunday that while 2.34 lakh pending applications for new connections would first be disposed of under the Mukhya Mantri Sab Ke Liye (Chief Minister for all) scheme, the total number of connections released would include 3 lakh for families living below poverty line (BPL).

The domestic connections in the less populated areas will be released in groups comprising at least 10 consumers each located within a kilometer from the existing 11 KV lines. In the tribal-dominated and desert areas, the groups will comprise six members each

TOP

The Hindu, 05.05.08

Power improves after supply upgrade

The state power sector has undertaken the feeder renovation programme, which would result in large-scale power saving that, was earlier being wasted because of transmission and distribution losses. The state-owned power distribution companies in the past one year saved nearly 540 crore units of power, costing about Rs 1300 crore.

The loss reduction efforts have now been showing results, and the trend, if continued, would result in power-saving with the farmers being the biggest beneficiaries with uninterrupted power supply.

The state-owned power distribution companies comprising of Jaipur Discom, Ajmer Discom and Jodhpur Discom initiated the feeder renovation programme in 2006 with a total investments of Rs 3914 crores that would culminate in the year 2009.

"The distribution system was suffering from losses to the tune of 42 per cent because of poor infrastructure and lack of proper techno-economic capital investments to finally effect a turnaround of the Discoms. We kept a target of reducing the loss level to 20 percent by the end of 2012 and for this, the feeder renovation programme was conceived as one of the key activities," said RG Gupta, CMD Jaipur Discom.

A pilot project was implemented in Badhal village with a population of 8240 and 707 consumers. The distribution losses in Badhal feeder came down from 67 percent to 13 per cent after the completion of the project.

"It also significantly reduced short circuits and voltage fluctuation in the transformer because of elimination of unauthorised tapping of power. The project was implemented at a cost of Rs 68.57 lakh only," said Gupta.

Similar reform projects in other areas were implemented to cover 8475 rural 11 KV distribution feeders in a phased manner with an objective of reducing distribution losses on 11 KV feeders to below 15 per cent. "The consumers earlier complained of poor power quality in the rural areas as compared to the urban areas. Domestic and agricultural supply was segregated to prevent unauthorised use of capacitors during peak load hours by agricultural consumers. This reduced the power requirement during peak load hours and saved money on purchase of costly power from other states," added Gupta.

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Times of India, 08.05.08

Rajasthan to strengthen transmission network

The Rajasthan Government has sanctioned projects worth Rs.3,066 crore for strengthening the power transmission network across the State and asked the Vidyut Prasaran Nigam to start the work for installation of six grid sub-stations of 400 KVA each in Barmer, Ajmer, Hindon, Bikaner, Jaisalmer and Bhilwara.

According to Vidyut Prasaran Nigam Chairman and Managing Director Shrimat Pandey, the grid sub-stations would be established at a cost of Rs.1, 905 crore. The new measures are expected to facilitate prompt and efficient transmission of power produced by several upcoming projects in the State.

Mr. Pandey pointed out that the public sector power transmission company had also for the first time decided to establish 45 grid sub-stations of 132 KVA each to save nine crore units of electricity every year. While 12 grid sub-stations of 132 KVA were installed last previous year, Rs.669 crore will be spent on the work this year.

Besides, as many as 15 grid sub-stations of 220 KVA are to be established shortly, with those in Kishangarh, Neemrana, Khushkheda, Kavai and Vishwakarma Industrial Area of Jaipur likely to be completed this year. Work on the grid sub-stations at Renwal, Indira Gandhi Nagar, Special Economic Zone's first phase, Nala Power House, Mansarovar and Bagru in Jaipur district has been speeded up.

The work for 220 KVA grid sub-station has also been taken up at Baran, Bhadra, Sanchore and Boranada Industrial Area in Jodhpur. According to Mr. Pandey, Rs.492 crore would be spent on the construction of all Grid sub-stations of 220 KVA each.

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The Hindu, 07.06.08

Better quality power for over 10,000 villages

JAIPUR: The public sector Jodhpur Vidyut Vitaran Nigam in Rajasthan has started supplying electricity of high quality to about 10,500 villages in 10 districts within its jurisdiction after completion of its feeder renovation programme.

He power supplied to villages is the same in terms of high quality as that supplied to the urban areas. Jodhpur discom Managing Director B. D. Malu said in a statement that Rs.493 crore had been spent on the ambitious programme, leading to a huge reduction in transmission and distribution losses from 42 per cent to 27 per cent during the past three years.

Mr. Malu said the 500 remaining villages in the region would start getting the electricity of high quality by this month-end. The discom is trying to further reduce the T&D losses to 20 per cent during the current financial year, which would make it a profit-earning institution.

The Jodhpur discom has released 63,570 new electricity connections under the Kuteer Jyoti Yojana against the target of 60,000 connections. Besides, work has been initiated for electrification of 2,000 hamlets in the desert districts of western Rajasthan.
The feeder renovation programme undertaken by the three discoms in Jodhpur, Jaipur and Ajmer has facilitated the supply of high quality electricity to about 31,000 villages across the State.

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The Hindu, 20.06.08

INDIA

West Bengal

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Great Bengal power sale - 'Exporter' state can't give electricity to its villages

The Raj Bhavan in Calcutta could plunge into perpetual darkness if Governor Gopalkrishna Gandhi chooses to express his empathy not just with the denizens of the state capital but also with the vast rural populace of Bengal.

For, figures available with the Centre reveal that Bengal has among the lowest rates of rural household electrification in India despite being a net "exporter" of power in recent years.

Following the new definition of electrification after the launch of the Bharat Nirman programme in 2005, only 20.3 per cent of a total of 1.1 crore rural households in the state had electricity against the national average of 43.5 per cent. Only four states — Assam, Bihar, Jharkhand and Uttar Pradesh — have lower levels than Bengal.

What makes Bengal's poor record particularly glaring, sources said is that it has sufficient power availability and also an allocation of 921MW from the central quota. "However, instead of providing electricity to its own people, the state has preferred to export power to other states," a senior official, who did not wish to be identified, said.

In contrast, the other states at the bottom of the heap — Bihar, Uttar Pradesh, Assam and Jharkhand — face acute power shortage. They are in no position to sell or "export" and remain net "importers" of power. On the face of it, the Left Front government's claim of doing well in the power sector and using it as a key incentive to attract private investment to the state is borne out by its "export" record over the last two years.

Other states, too, both sell and buy power at different points during the year. But the West Bengal State Electricity Board (or the renamed West Bengal State Electricity Distribution Company) has been consistently selling much more than it buys from other states.

In the year 2006-07, for instance, Bengal showed a monthly surplus ranging from 33 million units in August 2006 to a maximum of 382 million units in December that year. Its total surplus (export-import) that year stood at over 2,000 million units. In 2007-08, Bengal was once again a net exporter for 10 of the 12 months in the year. In April 2007, it showed a small net import of less than 2 million units and in July, about 15 million units. For the rest of the year, it again sold more power than it imported with the annual figure amounting to around 1,143 million units.

But a closer scrutiny of the state's overall power situation showed that one reason it could sell power to other states was the dismal progress in rural household electrification.

Under the new definition, it is no longer enough to just put up an electricity pole in a village to claim it is electrified. Electrification norms require that at least 10 per cent of households in the village should have electricity; all public places such as schools, anganwadis and Panchayat offices should be electrified, and the sarpanch of the village should issue a certificate saying that the village has been electrified in line with these new norms.

Given the state's poor record, it was placed under the "focus category" by the Centre under the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) launched in April 2005 to complete rural electrification across the country. The project was initiated in 13 districts of the state, which after completion will ensure electrification of 4,283 un-electrified villages and provide electricity connections to 1.46 lakh rural households, including free electricity connections to 97,847 BPL households.

The progress, according to officials monitoring the state, has been "slow" — so far, only 3,184 villages have been electrified and connections provided to 95,493 households, which includes free connections to 59,219 BPL households.
The RGGVY will be extended to the remaining districts under the Eleventh Five-Year Plan but even if the state meets the target, a huge number of households will remain without power for some time to come, sources said.

For instance, if the state manages to meet the target of providing electricity to 1.46 lakh rural homes under the first phase of the RGGVY, the total figure will go up to around 24.6 lakh of electrified households. That will still mean that about 85 lakh of the total 110 lakh (1.1 crore) rural households will live in darkness.

Although these figures are in the public domain, political parties, including the Congress, have seldom made use of them. But with the Left constantly attacking the UPA government for its "anti-people" policies, several central ministries have been quietly scrutinising Bengal's own record in heath, education, PDS off take and NREGA implementation. Now rural electrification, too, has joined the list.

TOP

The Telegraph, 09.05.08

PwC, KPMG to advise Bengal power dept, utilities

The state power departments WBSEDC and WBSETC have engaged consultants to advise them in capacity building and strategic management for taking forward the reform process with an aim to make the state PSU utilities best in the country by 2010.

"KPMG is leading a consortium of consultants for advising the West Bengal power department in capacity building for strategic management of the power sector reform. They would also advise us in building a long term communication strategy," additional chief power secretary Sunil Mitra told media.

Pricewaterhouse Coppers will lead the consortium to advise the West Bengal State Electricity Distribution Company Ltd and West Bengal State Electricity Transmission Company Ltd, Mitra said.

He said the consultants would evaluate and advise various aspects of capacity building like technical processes, business processes, inducting IT-based solutions and create a complete human resource strategy in both the utilities.

The power department has three years time to turn the utilities completely independent after the bifurcation of the West Bengal State Electricity Board (WBSEB) as part of the reform process of the state power sector. The power department will evaluate and review the progress of the consultants after 18 months of the three-year contract. Both were engaged in March.

Mitra said, power department will have to get government approval on transfer pricing of the assets of WBSEB by 30 June on audited accounts of 2006-07.

The West Bengal cabinet in January, 2007 had approved the bifurcation of WBSEB and strengthened the balance sheet by waving Rs 10,000 crore from the books of WBSEB and West Bengal Power Development Corporation.

TOP

The Economic Times, 15.05.08

Incentives for investors in 'green' power

The government has formed the West Bengal Green Energy Development Corporation Limited to boost private investments in non-conventional energy sources like wind, biomass, solar and water.

Sunil Mitra, the additional chief secretary of power and non-conventional energy resources, said: "The new enterprise will be promoted by the West Bengal Power Development Corporation, West Bengal State Electricity Distribution Company Limited and the West Bengal Renewable Energy Development Agency, which will have 45, 30 and 25 per cents shares respectively and work under our department."

Mitra was here to attend an interactive session with entrepreneurs organised by the north Bengal zonal council of the CII.

"Considering the incentives available for entrepreneurs in this sector like depreciation of assets (created for a non-conventional energy source unit which is to be included in expenditure) for five years, lower rate of income tax and advance withdrawal of carbon credits, we feel this is an emerging sector where private investors can be invited," he said.

An Indian company can get carbon credit under the Kyoto Protocol of 1997 for each tonne of carbon dioxide that it can cut down on. The credit can be sold to a unit in the European Union and the US that wants to purchase it to balance its high level of emission.

According to Mitra, a number of private investors has already come in north Bengal where "micro mini" hydel projects have been established in different places. Another mega project in the sector that has been finalised is a 2-mw photovoltaic plant at Dishergarh Power Station Complex near Asansol.

For this, the Power Finance Corporation Limited has entered in an agreement with the new corporation. The investment will be around Rs 400 million, he said.

TOP

The Telegraph, 26.05.08

CESC tariff hike plan may add Rs 212 cr to revenue

RPG Group's power utility CESC is likely to earn an additional around Rs 212 crore from the proposed hike in average power tariff to be levied on its 22 lakh consumers for the financial year 2008-09.

CESC has sought the hike through a filing with West Bengal Electricity Regulatory Commission for determination of tariff for three consecutive fiscals 2008-09, 2009-10, 2010-11, company sources said. CESC has sought an average price of Rs 4.13 a unit for 2008-09 a rise of 38 paisa or 10.1 per cent over last year. The company has cited steep increase of both primary and secondary fuel prices for the increase.

WBERC had already allowed an interim raise of 10 paisa in tariff in March. With this, the CESC is currently charging an average tariff of Rs 3.86 for a unit. Once WBERC delivers final order, CESC would adjust the provisional rise in tariff of 10 paisa for 2008-09. For the fiscal 2007-08, WBERC had allowed only one paisa raise in tariff. Sources said with each paisa hike in tariff the revenue effect to CESC is close to Rs 5.6 crore.

While filing with WBERC, CESC has asked a tariff of Rs 4.13 for 2008-09, Rs 4.25 for 2009-10 and Rs 4.22 for 2010-11. The company proposes to make the tariff for each year effective from the month of April.

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The Economic Times, 12.06.08