

EU-INDIA JOINT INITIATIVE FOR ENHANCING TRADE AND INVESTMENT

ISSUES AND RECOMMENDATIONS

Power Sector

**Revised version following discussions
at the EU-India Business Forum**

on

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Issues	Recommendations
<p align="center">Strengthening the regulatory system</p>	<p>For India:</p> <ul style="list-style-type: none"> ▪ Enact the Electricity Bill 2001, which provides for several new features like trading, open access etc. The bill is already introduced in Parliament. ▪ Adopt a National Energy Policy, recognising power as a basic consumer right
<p align="center">Restoring financial health of SEBs</p>	<p>For India:</p> <ul style="list-style-type: none"> ▪ Set a deadline for ‘cleaning’ the Balance Sheet of all SEBs, through: <ul style="list-style-type: none"> ○ One-time settlement of outstanding dues payable to generating companies ○ Securitization of debts through issuance of Bonds by SEBs
<p align="center">Tariff reforms</p>	<p>For India:</p> <ul style="list-style-type: none"> ▪ Introduce/ expedite multi-year instead of annual tariff orders, with a provision for indexing the tariff with fluctuation fuel prices <p>For EU:</p> <ul style="list-style-type: none"> ▪ Support SEBs through technical and financial exchange programmes and international case studies, etc. for long term tariff models
<p align="center">Distribution reforms</p>	<p>For India:</p> <ul style="list-style-type: none"> ▪ Actions for reducing technical and commercial losses: <ul style="list-style-type: none"> ○ Enact and enforce strict anti-theft laws <u>in all states</u>; evasion to be declared a criminal offence ○ Distribution companies should be empowered to disconnect supply to non-paying customers without notice, and to prosecute those involved in power theft etc. ○ Set a deadline for 100% metering in all states, and link disbursements to SEBs under APDRP, based on achievement of milestones ○ Introduce a model project involving IT as a tool to detect thefts and faults, as a step to reducing human interface <p>For EU:</p> <ul style="list-style-type: none"> ▪ Channel its trade and investment development/ co-operation programmes based on review of power reforms

<p style="text-align: center;">Restoring private sector confidence and investment interest</p>	<p>For India:</p> <ul style="list-style-type: none"> ▪ Remove Purchase Preference for public sector enterprises in international competitive bidding process, in line with WTO norms on government procurement <p>For EU:</p> <ul style="list-style-type: none"> ▪ Offer level playing field for Indian companies competing in European tenders, by removing conditions regarding experience outside the continent, counter trade commitments and preferential customs duty for other countries ▪ Recognise certification by premier Indian institutions such as CPRI
<p style="text-align: center;">Technology up-gradation</p>	<p>For India and EU:</p> <ul style="list-style-type: none"> ▪ Co-operate in technology assistance programmes for reducing losses and improving quality of power: <ul style="list-style-type: none"> ○ New technology for higher rating (> 500MW) power plants ○ Clean coal technologies, co-generation, bagasse plants, etc ○ New technology auxiliary and T&D equipment (transformers, shunt capacitors) ○ IT based management systems for transmission and distribution, real time metering & billing, MIS ○ Alternative models for rural electrification on-lines of decentralised distributive generation ○ Basic research and technology development centres