

Box 3.3: A second-hand market?

A Canadian trading company is negotiating the sale of an existing 280-MW thermal generating plant, now installed in a Canadian provincial power facility, to a private buyer for captive use in Maharashtra State.

Captive power plants. Many large industrial concerns in iron and steel, fertilizers, cement, petroleum, aluminum, chemicals and petrochemicals are investing in their own secure power source. The units are typically in the 15-25 MW range, and sometimes much larger. Central and State governments are encouraging this investment: captive plant developers enjoy essentially the same privileges as IPP promoters, and are assured a remunerative rate for any surplus power they sell to the local SEB. By identifying Indian companies with an interest in building or upgrading such facilities, Canadian firms can open the way for either joint venture or direct procurement possibilities.

**Box 3.4:
Co-generation from new sources**

The State of Punjab is planning to require all paper-making plants to meet 60 per cent of their own power requirements through co-generation, in order to reduce the State's growing power shortage.

In Madras, the Tamil Nadu Industrial Development Corporation (TIDCO) has signed an MOU with a British firm to build a US\$ 6 million, 5 MW garbage-to-power plant that will consume 600 of the city's daily 2000 tons of garbage.

Co-generation for power sales to SEBs. The current potential is estimated at about 8,000 MW, of which the sugar industry accounts for more than 5,000 MW. The total potential is expected to rise to 45,000 MW by 2015, mainly in sugar refining, but also in the textiles, paper, chemicals and fertilizer industries. Progress in this area is now hampered by a lack of adequate high-pressure boilers and turbine accessories in India.

Non-Conventional Power Generation.

India is investing in many forms of renewable energy development. The Ministry of Non-Conventional Energy Sources (MNES) is planning for the installation of 2,000 MW during the current Five-Year Plan, and is forecasting the addition of 10,000 MW during the Ninth Plan (to 2002) and another 20,000 – 30,000 MW during the Tenth Plan (to 2007). These plans, which call for both decentralized, stand-alone systems and the production of grid-quality power, are attracting support from multilateral and bilateral development agencies.

Special investor incentives in this sector are similar to those for conventional IPPs: accelerated depreciation, 20 per cent import duty on power plant and equipment imports, a five year tax holiday, etc. In addition, grants and subsidies are available from the Central Government and from individual States (Tamil Nadu is a leader), which are actively promoting such projects and will guarantee to purchase the power produced.

Power Transmission

India has standardized on 800 kV and 400 kV transmission over grid lines and 230 kV, 110 kV and 11 kV lines for sub-transmission. Normal distribution is 430 Volts, 3-phase and 230 Volts single-phase 50 Hz.