

4. THE INSTITUTIONAL STRUCTURE

The institutional make-up of the energy sector in India reflects the size, constitutional landscape and historical evolution of the country. Electricity has been typically organised along state lines and therefore is akin to the provincial role in the Canadian electricity field. However, the growing power needs of the country, the urgency of the task and the heavy associated financing costs have combined to encourage an expanding role for the Central Government. This has assumed several forms, arguably one of the most visible being a number of agencies created with specific responsibilities for larger projects and for establishment of a national grid.

a) Ministry of Energy, Department of Power

The primary responsibility of the Department of Power pertains to the field of development of electrical energy. The Department is concerned with perspective planning, policy formulation, processing of projects for investment decision, project monitoring, training and manpower development and the enactment and administration of legislation in regard to power generation, transmission and distribution.

The Department of Power is headed by a Secretary who is assisted by an Additional Secretary and six Joint Secretaries including the Financial Adviser.

b) State Electricity Boards

State Electricity Boards (SEBs) were set up under the 1948 Electricity Act with the object of i) promoting efficiency and coordination in the generation, transmission and distribution of electricity and ii) regulating private electrical utilities and licensees. The result is that State governments in India — like the Provinces in Canada — own or control some 90 percent of electricity supply capacity. Their daily management is set to be conducted in an autonomous fashion but on larger issues such as capital spending, tariffs and financing, SEBs are controlled by the State governments themselves (again, similar in substantial part to the relations between Canada's Provinces and their respective electric utilities). 18 of 25 States have their own Electricity Boards.

Because of both the limited size of the economies of many of the States and inadequate tariffs, SEBs have often found themselves short of the kinds of financial resources needed to realize larger projects.

c) Regional Electricity Boards

As the individual State electricity grids have become increasingly interconnected, a requirement for inter-state coordination on matters relating to electricity supply has been perceived. Regional Electricity Boards were thus set up to coordinate the power system; individual Boards were established for the Northern, Southern, Eastern, Western, and North-Eastern areas of the country. These Boards coordinate the maintenance programmes in the States covered, determine and schedule the amount of power available for inter-state exchange and, as well, establish the price schedule for such exchanges.

d) Central Electricity Authority

The Central Electricity Authority (CEA) is a statutory organisation constituted under the Electricity (supply) Act, 1948. The CEA is a key authority on major power projects as it has responsibility for sanctioning the technical/economic viability of these projects. Further its input is received prior to the granting of import clearances. Other formal functions of the CEA include: