

Power sector needs investments worth \$250 bn: CII

India's power sector will require about \$250 billion investments over the next eight-nine years if it wants to grow at a moderate 7.5-8 percent compound annual rate, according to a CII report.

'The power markets will have to achieve consistent high growth rates to bring our per capita consumption to comparable levels of some of the other developing countries like China and Brazil,' said the report, jointly prepared by the Confederation of Indian Industry and consulting firm AT Kearney.

Added Sudhir Trehan, chairman of the CII India Energy Conclave and Energy Expo: 'The focus would need to be on both project execution and efficient operations.'

India has a total installed capacity of 151,073 MW and the government is expected to add only about 68,000 MW or 78 percent of the 11th plan period's capacity addition target of 78,700 MW.

So far, around 17,000 MW of the target has been met in the current plan period, which ends in March 2012.

The report, however, is upbeat about the prospects of the power sector.

'A new era of 'Power on Power' competition will emerge by 2014 that will bring in at least 80-85 GW of new capacity,' said Kaustav Mukherjee, a partner at AT Kearney.

According to the report, there will be increased interest in generating electricity through gas, hydro and nuclear energy, but coal would continue to be the dominant fuel used in generation.

Renewable sources of energy will also start contributing more towards power generation, it added.

'Wind energy will continue to grow at 15-20 percent per annum with new opportunities in offshore capacities and large capacity turbines greater than 3 MW.'

Government incentives will open up opportunities for solar farms as well as photovoltaic cell manufacturing.

The report cites constrained fuel supplies as a major threat to the sector's growth prospects.

As per the current trajectory, India, in spite of substantial reserves, is expected to confront a supply deficit of approximately 25 percent or 250 million tonnes per annum of domestic coal by 2014.

Similarly, there will be a seven-fold increase in uranium requirement for increased generation of power from nuclear sources.

Distribution, financing and manpower are some other concerns that are highlighted as immediate challenges that need to be addressed, the report said.

It added that 150,000 additional skilled and semi-skilled personnel would be required over the next five to seven years.

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