

# India's electric turnaround: Powerless to power-surplus

When Piyush Goyal took over as the Union Minister for Power, Coal and Renewable Energy in May 2014, he inherited perhaps the worst of the UPA regime's handiwork.

In October 2014, at least 56 thermal power stations were reporting critical coal stock levels of or less than seven days. India's power distribution companies, for a decade and a half, were caught in a debt trap and forced into borrowing for funding of everyday operational expenses. Meanwhile, India was reeling from an energy deficit that was peaking at 9 per cent. Power cuts and load-shedding were eating into corporate productivity and average energy production in the country was falling short by a whopping 87 billion kWh.

Now, thermal power stations have enough coal stocks to last them for 27 days. In FY13, the number of critical power plants — those operating with coal stocks of less than seven days — was 21, whereas those deemed 'super critical' — the ones with operating stocks of fewer than five days — was 14. Under Goyal, the number of critical and super critical power plants has come down to zero.

In FY17, India, for the first time in history, became a power-surplus country, leaving behind a historical legacy of increasing power deficit. In the April-February period of the current fiscal, it exported around 5,798 MU to Nepal, Bangladesh, and Myanmar. As per the Central Electricity Authority, India is likely to end FY17 with 1.1 per cent excess electricity supplies.

In the context of discoms, the Ujwal Discom Assurance Yojana (UDAY) already has 27 member states that are ushering in operational and financial efficiency within their discoms. Aggregate technical and Commercial Losses (AT&C) have come down from 24 per cent in FY16 to 22 per cent by April 2017. The gap between the average cost of supply (ACS) and average revenue realised per unit sale came down to Rs 0.4 per unit by December 2016 from Rs 0.56 per unit in March the same year.

The power, coal and renewable energy sectors have come a long way and the credit for the turnaround goes to Goyal's no-nonsense approach. Even though there is still a long way to go for India in securing last-mile connectivity and complete electrification, under Goyal, it seems as if a job well begun is a job half done.

Goyal has been at the helm of giving shape to Prime Minister Narendra Modi's goal of generating 175 GW from renewable resources by 2022. Under him, there have been incremental capacity additions of renewable energy over conventional power sources, what with FY17 being another first in Indian 'power' history where the total capacity addition for renewable sources exceeded those of conventional power sources. In FY17, the latter saw additions of just 10,328 MW, whereas the former saw an addition of 73,306 MW.

As per the draft National Electricity Plan released by the Central Electricity Authority in December 2016, renewable energy is estimated to contribute 33 per cent to overall generation capacity and will provide for at least 20 per cent of the electricity demand by 2022.

Meanwhile, Deen Dayal Upadhyay Gram Jyoti Yojana, which focuses on electrifying rural households, has crossed over 70 per cent of its set target of electrifying 18,452 villages in India.

Additionally, Goyal has said that his ministry is looking at setting up Rs 3 per unit as the benchmark rate for power sales, irrespective of its source.

This is an extremely low rate given that in a lot of states, power is being sourced in the range of Rs 4.2 to Rs 4.50 per unit.

However, it is not all smooth-sailing for him. By the looks of it, the fiscal deficit of states under the UDAY scheme is set to balloon in FY18 as debts and interest costs that were kept out of the state's accounts in FY16 and FY17 will be included in the next fiscal.