



Gujrat

Power Related

In the current scenario, when new discoveries in energy sector are waiting to be commercially exploited by industrial sector and when Gujarat is forging ahead towards a gas-based economy, the Government has resolved to take rapid strides towards enabling the industries with competitive, cleaner and efficient energy resources. For the purpose, some steps have been enunciated in the later part of this chapter to ensure availability of quality power. As per the provisions in the recently introduced Central Electricity Bill 2003, in order to augment the overall power generation, the system of power generation by a group of industries/associations for their member units would be encouraged. In order to ensure optimum utilization of availability of gas and pipeline infrastructure being developed all across the state, gas based power generation as well as adoption of gas as feedstock to be used by individual industries as fuel would be encouraged. This will serve the dual purpose of supplying efficient and reliable source of energy to industries, at the same time promoting a cleaner environment. The Government believes that the process of innovation in the energy sector should not encounter any roadblocks in the way of non-conventional sources of energy. Thus, the non-conventional sources of energy like wind energy, solar energy etc. would also be encouraged in a big way.

In the direction of power sector reforms

The Energy and Petrochemicals Dept has also taken certain initiatives to provide comfort to the industries. It is worthwhile to recapitulate the details of the steps taken before discussing the policy initiatives.

- During the 9th Plan, 2108 MW power generation capacity was added in the system and the installed capacity has now reached to 8576 MW at the end of 2002-03. During the 10th Five Year Plan, the state has planned to add more than 4,000 MW generation capacity.

- Special efforts were also made to increase the Plant Load Factor (PLF) of the existing power station by way of taking up measures on renovation and modernization as well as following good maintenance practices for increase in generation and efficiency. GEB attained PLF 69.69% at the end of the year 2002-03 which is the highest ever.
- The State Captive Power Policy, 1998 got tremendous response. At present, the sanctioned captive power capacity is more than 3,500 MW, of which approx. 2200-2500 MW of power is currently generated. GEB avails the surplus power as and when required and the units are also permitted to supply power to their sister concerns.
- In Power Sector Reforms, the state has already set up Gujarat Electricity Regulatory Commission to decide the tariff of electricity. Moreover, the Gujarat Electricity Industry (Reorganization & Regulation) Act, 2003 has also been enacted to provide smoother and speedier reorganization and rationalization of electricity industry. It has also been decided to reorganize activities of GEB into a Generation Company, a Transmission Company and four Distribution Companies with professional managements. It has also been provided to constitute separate distribution companies for major cities of the state. Various provisions in the Electricity Act 2003 on free generation, open access and third party sale of electricity, regulations by regulatory authority would also further boost the power sector in the state in the near future.
- To rationalize the tax structure on the sale of electricity, it may be worthwhile to note that Gujarat has removed the sales tax on sale of electricity w.e.f. 1st April 2002, thus extending relief to the extent of Rs.260 crore per year to all the categories of consumers.
- Further, the new industrial units are also exempted from payment of ED for a period of 5 years. The industrial units which generates electricity for captive requirements are also exempt from the payment of ED for the initial period of 5 years.
- With a view to providing power supply round the clock in the rural areas, the state has introduced a scheme Jyoti Gram Yojana from the current financial year which would boost the cottage and agro industries in the rural areas.
- The State Electricity Board has also adopted consumer oriented approach in the following manner.
 - (a) Introduction of incentive scheme for HT consumers : Under this scheme the incremental consumption during the period from August 2002 to July 2003 over the same period during the year 2001-02 was eligible for a rebate of 5% to 15% depending upon such increases over the base year. This has benefited 2280 consumers with a total rebate to the industrial consumers exceeding Rs.36 crore.
 - (b) Introduction of concessional tariff under LTP IV for exclusive use of electricity during night to LT consumers
 - (c) Bulk discount scheme to industrial estates for reduction in losses and distribution activities – Approval from GERC has been received.

- (d) Reduction in process cycle to release connection – From 60/70 days from the date of payment to now 45 days. In high growth areas, like South Gujarat this period is further reduced to 30 days. For release of connection from the date of application, the average time is now reduced from 133 days to 100 days.
- (e) GEB has also established three 66-KV substations at Laskana and Pal near Surat and Bhat near Ahmedabad at an estimated cost of Rs.8 crore. In addition, four new substations in South Gujarat and two substations in Kutch are planned by March 2004 with a cost of Rs.15 crore.
- (f) Rationalisation of procedure
- Peak rate of electricity duty at 60% has been reduced to 40% resulting in the reduction of tax burden to the tune of Rs.62 crore per year.

Rationalisation of Electricity Tariffs

International power tariffs are currently fixed at Rs. 3.50/KWH. If the industries in Gujarat will have to be made competitive in the international market, it will have to strive to bring about its cost of production as low as possible. Electric power in the present context is the driver for industrialization and Gujarat is now fortunate to have vast reserves of gas discovered, apart from two LNG terminals coming up in near future in the state which could support cheaper generation of electricity. The Government realizes the fact to supply power to the industries at competitive tariffs and will therefore endeavour to rationalise the power tariffs including electricity duty as much as possible by using natural gas in the power generation in the coming years. On its part, the State Electricity Board will undertake rigorous cost cutting exercise for the purpose.

Aligning State Policies with the Central Electricity Act, 2003

A notable feature of the Central Electricity Act 2003 is the "open access system" under which a set of customers can get together as bulk consumers and purchase power either directly from the generating company or through intermediaries such as traders and distribution companies. Pursuant to the passage of Central Electricity Act, 2003 the state has decided to follow such policies as are conducive to the industrial growth and the development of power sector in the state.

Encouragement of non-conventional sources of energy

The Government at the same time desires to encourage more and more use of non-conventional sources of energy such as wind, solar and tidal waves. The Government will facilitate setting up all such projects and will evolve appropriate sectoral policies.
