"Projects worth ₹1 trillion will be up for bidding"

Simarpreet Singh, Director, Strategy, Hartek Group is of the opinion that the refinancing or the bond opportunity in the power sector in view of 14,000 circuit km of the Inter-State Transmission System (ISTS) present a Rs 300 billion refinancing opportunity for the bond market over the next four years.

How do you plan to leverage the opportunities provided by the government in the transmission and distribution (T&D) space?

The government's special thrust on building grid infrastructure through private participation is bringing a plethora of business opportunities for companies like Hartek Power. Having executed more than 150 high-voltage substations, Hartek Power is gearing up to match the industry requirements with the country gradually shifting from high-voltage to extra high-voltage (765 KV and above) transmission lines. The T&D segment in India is estimated to witness a planned investment of USD 75 billion in the next five-seven years.

Hartek Power is poised to make the most of these market opportunities by capitalising on its expertise in executing extra high-voltage substation projects. There is so much potential in the industry and the public sector which Hartek Power is looking to tap. With the Power Grid Corporation of India (PGCIL) and railways ready to roll out T&D projects in a big way, the sky is the limit for companies that know their job well. We, at Hartek Power, have bagged prestigious substation projects from the state public sector undertakings like the Haryana State Industrial and Infrastructure Development Corporation (HSIIDC) and state utilities like the Punjab State Power Corporation and Haryana Vidyut Prasaran Nigam. A leader in smart grid solutions, SCADA and automation technologies, we are well-poised to meet the requirements of the industry in the years to come.

As a backward integration strategy, the Hartek Group also has its own manufacturing division, which makes power distribution products catering to its own substation projects and to the requirements of the industries, utilities and independent power producers. This backward integration model has enabled the company to integrate backwards into manufacturing and assemble its own products under the brand Hartek.

States get locked into buying power from costly but linked-up generators in the vicinity, owing to poor or no grid connectivity. Can you suggest any measures for this?

The answer lies in upgrading the T&D infrastructure and coming up with integrated and well-connected national grids of extra high-voltage to ensure a smooth supply of electricity from the power-rich areas of the country to the power-deficient ones. Off-grid solar can be a viable solution to provide electricity to remote and inaccessible areas where developing grid infrastructure can work out to be extremely costly.

The state government has not been able to seamlessly integrate renewable energy into the grid, which could impede major developments in the sector. What are your views on this?

Integrating the new capacity with a nascent grid poses a formidable challenge. India's solar power generation has gone up by more than 40 times from 0.5 MW in 2011 to 22 GW now, but the T&D infrastructure is far from prepared to evacuate the kind of solar power being injected into the grid.

With the transmission system failing to keep pace with the increase in solar power generation, the glaring mismatch is bound to put immense pressure on the present transmission infrastructure, a situation which we can ill-afford bearing in mind the high stakes in the solar sector. With the evacuation system not yet ready, we are witnessing a situation where solar plants are being constrained to restrict generation, which is resulting in huge financial losses for developers. Consequently, the preparations for the next round of auctions are also in limbo.

Though the government has embarked on a USD 3.5 billion Green Energy Corridors (GEC) programme to overcome these challenges of power evacuation by strengthening the grid network, it is a daunting task which has to be taken up on a war footing to be able to deliver the desired results. The GEC needs to be significantly widened so as to accommodate 50 more ultra-mega solar parks, in addition to the 34 under construction.

The biggest challenge before us is to ensure that transmission systems are in place before the solar projects are ready. Considering that executing transmission projects takes up to five years as compared to 12-18 months for solar projects, we need to act urgently and decisively.

Maintaining grid stability can pose a major problem when a large amount of solar power is injected into the grid. The situation can, however, be overcome with modern technological breakthroughs and advancements like smart grids and solar energy storage solutions.

According to the Bloomberg New Energy Outlook 2017 report, more efficient batteries will boost the reach of renewables. With energy storage picking up and costs becoming increasingly viable, this formidable combination will help create a truly sustainable ecosystem and reduce carbon footprint considerably.

> "With the government opening the doors for private participation, T&D has emerged as one of the most investor-friendly segments in the Indian economy."

As compared to the other segments in the power chain, do you think the power transmission sector possess low risk and a steady cash flow? Is the power transmission sector in India currently the most preferred to invest?

Absolutely. T&D is one of the most low-risk segments of the power sector. With the government opening the doors for private participation, T&D has emerged as one of the most investor-friendly segments in the Indian economy. The T&D segment in India is estimated to witness a planned investment of USD 75 billion in the next five-seven years.

Transmission projects worth Rs 1 trillion are expected to come up for bidding in the next 12-18 months. So, the opportunities for the investors are immense. Moreover, investing in T&D, an integral segment of the power sector, which successive governments in India have been ignoring since long, is no longer a matter of choice. It has now become a compulsion. Given the glaring mismatch between the growth in power generation and transmission capacities, it is high time we redoubled our efforts and spent a matching amount on upgrading our T&D infrastructure in sync with the rapid growth in power generation.

Just like solar auctions, the power transmission sector is also witnessing the same auction pattern of incapable players bidding aggressively for projects. How bad will this pattern affect the sector at large?

This phenomenon of incapable players bidding aggressively for projects has been on the rise ever since the government opened the T&D segment for private participation with the unbundling of state electricity boards and the implementation of the Electricity Act, 2003. However, I do not foresee this pattern adversely affecting the power sector as a whole for a simple reason that companies which do not adhere to quality standards in terms of its products, construction, design and engineering will soon be edged out by serious competitors.

(For full interview, log on to www.powertoday.in)

- RAHUL KAMAT