

# MONTHLY SECTOR UPDATE

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## POWER SECTOR

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“Electricity is an example of a general-purpose technology, like the steam engine before it. General purpose technologies drive most economic growth, because they unleash cascades of complementary innovations.”

-Erik Brynjolfsson

1

*Meeting UN's Sustainable Development Goals (SDGs)*

2

*News and Announcements*

3

*Key Players updates*

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# Meeting UN's Sustainable Development Goals (SDGs)

In September 2015, India adopted the 2030 Agenda during the United Nations Summit wherein, energy is closely connected with 74 per cent of the 169 targets related to the 17 Sustainable Development Goals (SDGs) which the country must achieve by 2030. Post this, India submitted its Nationally Determined Contributions (NDCs) for the period 2021–2030 to the United Nations Framework Convention on Climate Change (UNFCCC) and ever since the Government of India (GOI) has been strategizing ambitiously for improving the installed capacity of Renewable Energy sources when 75 per cent of its our electricity is currently generated by coal-fired power plants.

Various frameworks have been laid down to ensure a shift to RE generated electricity while meeting the electricity requirements and aspirations of 1.3 billion people across the Indian borders. Integrating all low-carbon energy technologies with coal along with ensuring reliability, security, and affordability of electric supply, while constantly balancing it with sustainable development has been the priority of the Central government. India is also formulating and implementing pioneering schemes to clean up our dependence on the coal sector while increasing the integration of renewable energy into the National Power Grid.

According to the Standard Chartered SDG Investment Map, in order to meet the United Nation's sustainable development goals (SDGs), India needs US\$2.64 trillion investment. Furthermore, the country needs to make US\$2,633.9 billion investment by 2030. Out of this expected amount, US\$1,558.8 billion is for clean energy, US\$505.5 billion for transport infrastructure, US\$377.4 billion for digital access, and US\$192.2 billion for clean water and sanitation, as per the report.

The report states that "Of the total USD 2.64 trillion of investment needed, the potential

Source:

*Opportunity2030: The Standard Chartered Sdg Investment Map*

investment opportunity for the private sector is a whopping USD 1.12 trillion with US\$701.5 billion going into clean energy, US\$226.5 billion for digital access, US\$176.9 billion in transport infrastructure, and US\$19.2 billion for clean water and sanitation." Thus, the opportunity for private sector investors across all emerging markets to help India in achieving the UN SDG goals stands clear, and this study has identified the specific areas for the private sector to contribute to and directly improve the lives of millions of Indians over the next decades.

Climate change is sure to hit the most vulnerable, the hardest and the Intergovernmental Panel on Climate Change special report on the 1.5-degree goal of the Paris Agreement has clearly revealed that if temperature limit is breached, India will face the brunt of the climate crisis. The current circumstances make it all the more inevitable for private and public entities to responsibly take up the agenda of clean energy and drive innovations to enable India in achieving the UN SGD goals.

Prime Minister Narendra Modi has already given the call for connecting solar energy supply across Indian borders, putting forth the mantra of 'One World One Sun One Grid'. Under the OSOWOG program, India envisions an interconnected power transmission grid across the country for the supply of clean energy. Through leaps like these and with nationwide schemes to facilitate the shift to clean energy, the government has shown its keen interest in ensuring modern and sustainable energy for all. India has made enormous progress on renewable energy, low-carbon alternatives, and increased energy efficiency, and it is now time to make use of the potential in this area that remains unrealized.

Nilaya Varma  
Co-Founder & CEO  
Primus Partners

# News & Announcements

**1. India's power consumption growth rate recorded a slowdown to 4.7 per cent at 98.37 billion units (BU) in November 2020** as Northern India began to experience early winters. Economic activities are back to the normal pace due easing of lockdowns across the country. The peak power demand recorded in the month of October was 170.04 GW, which is 3.5 per cent higher than 164.25 GW in the same month last year.

**2. The 3rd Global RE-INVEST** was inaugurated on 26th November 2020 by Prime Minister Shri Narendra Modi. Various dignitaries from across the world including, the Prime Minister of Israel, Energy Minister from UK attended the 41 Sessions that were organized during the event with an aim to facilitate significant deliberations on various aspects of Renewable Energy.

The theme for RE-Invest 2020 was 'Innovations for Sustainable Energy Transition'. The PM addressed the global meet and talked about India's renewable power capacity, which is the 4th largest in the world and is growing at the fastest speed among all major countries. The PM ensured that "Ease of doing business" is government's utmost priority and dedicated Project Development Cells have been established to facilitate investors. Amongst his other announcements, most emphasis was on the government's huge **renewable energy deployment plans for the next decade that are likely to generate business prospects of the order of around \$ 20 billion per year**. The Prime Minister invited investors, developers and businesses to join India's renewable energy journey. It was highlighted by the Indian PM and the Minister of Power that, "India has continued to innovate in Renewable Energy deployment by increasing capacities and adopting practical solutions, newer technologies and market mechanisms. Many States of India have put in place incentives for the increased deployment of RE. These steps will be collated and taken to the global investors."

**3. Energy Efficiency Services Limited (EESL) signed a MoU with Department of New & Renewable Energy (DNRE), Goa to implement the country's first Convergence Project on 17th November 2020.** According to the MoU, EESL and DNRE will now undertake the feasibility studies and implement decentralized solar energy projects, including the establishment of 100 MW of decentralized ground mounted Solar Power projects on government lands which will be used for agricultural pumping and replace approximately 6,300 agricultural pumps with BEE star rated energy efficient pumps and distribute around 16 Lakh LED bulbs for rural domestic households. According to Minister (IC) for Power and New & Renewable Energy, Shri R K Singh, "This model is expected to be adopted by other states as this will reduce losses in terms of expenditure on water for farm sector runs into tens of thousands crore rupees in several States. That preempts state spending on health, education, and other important sectors."

**4. The Union Cabinet gave approval to introduce the Production-Linked Incentive (PLI) Scheme** 10 key sectors, including 'High Efficiency Solar PV Modules' for **Enhancing India's Manufacturing Capabilities and Enhancing Exports – Aatmanirbhar Bharat**. As large imports of solar PV panels pose risks in supply-chain resilience and impose various security challenges considering the electronic (hackable) nature of the value chain in this particular sector, a PLI scheme for solar PV modules will incentivize domestic and global players to build large-scale solar PV capacity in India and help in capturing the global value chains for solar PV manufacturing. This measure is being taken primarily for the promotion of an efficient, equitable and resilient manufacturing sector in the country which will in turn boost overall economic growth and create employment opportunities.

# Key Players Updates

- Adani Transmission Ltd (ATL), has acquired 49 per cent stake in Alipurduar Transmission Limited. This acquisition has been done from Kalpataru Power Transmission Ltd (KPTL) along with an agreement to procure the balance 51 per cent after post regulatory and other relevant approvals. According to ATL's official statement, "With this acquisition, the cumulative network of ATL will reach more than 15,400 circuit kilometers (ckt), out of which more than 12,200 ckt kms (including this asset) is operational and more than 3,200 ckt kms is under various stages of execution."
- Hitachi ABB Power Grids has signed a MOU with Ashok Leyland and the Indian Institute of Technology, Madras for an e-mobility project. The electric bus will integrate Hitachi ABB Power Grids' innovative flash-charging technology (Grid eMotion™ Flash) that will be provided by Ashok Leyland, and IIT-Madras will be hosting the infrastructure to operate the flash charging system for this electric bus. The aim of this initiative is to promote and facilitate sustainable public transportation across India.
- Tesla has been selling its Model 3 electric cars in China and is now planning to deliver its Model Y sport utility vehicles in 2021, to boost sales in the world's biggest car market. The company is all set to invest 42 million yuan (\$6.4 million) in a new factory to make its third generation of quick chargers- the Supercharger V3.
- Power Finance Corporation Ltd and Rural Electrification Corporation Limited have signed an agreement with SJVN to provide INR 8,520 crore loan for a thermal power plant in Buxar, Bihar. "PFC along with REC Ltd executed a Memorandum of Understanding with SJVN Thermal (P) Ltd (STPL) for extending term loan of Rs 8,520.46 crore for 2x660 MW Buxar Thermal Power Project on 26th November 2020." according to PFC's official press release.
- In a plan is to start 90 non-AC midi (9m) electric Metro feeder buses with a passenger capacity of 30 to 35 in Bengaluru, NTPC Vidyut Vyapar Nigam Ltd is the lowest bidder to provide 90 non-AC electric buses for BMTC. BMTC's operational cost for non-AC diesel buses is INR 55 per km. In addition to the quoted amount, BMTC has already spent Rs 12 per km for conductors' salaries. It will be a 12-year contract in which BMTC will pay on a per km basis and NTPC will take care of the operation and maintenance.
- PFC and REC Ltd have sanctioned loans worth Rs 1.18 lakh crore under the liquidity package for stressed power distribution utilities already and have disbursed around INR 31,100 crore under this package. Nonetheless, Discoms' total outstanding dues as of September stood at INR 1.38 lakh crore.
- Tata Power recorded a 10 per cent increase in its consolidated net profit at INR 371 crore for the September 2020 quarter. As per the company's official statement, "Consolidated PAT stood at Rs 371 crore (in July-September 2020) up by 10 per cent as compared to Rs 339 crore in Q2 FY20 due to stable performance across businesses." Tata Power Group's Q2 FY21 revenue is up by 15 per cent at INR 8,413 crore as compared to INR 7,329 crore last year.

## About Primus Partners

Primus Partners has been set up to partner with clients in 'navigating' India, by experts with decades of experience in doing so for large global firms. Set up on the principle of 'Idea Realization', it brings to bear 'experience in action'.

'Idea Realization'— a unique approach to examine futuristic ideas required for the growth of an organization or a sector or geography, from the perspective of assured on ground implementability.

India is and will continue to be a complex opportunity. Private and Public sector need trusted advisory partners in order to tap into this opportunity. Primus Partners is your go-to trusted Advisory for both public and private sector organizations involved intricately with nation building, and the creation and growth of robust corporations as engines of progress.

Our core strength comes from our founding partners, who are goal-oriented, with extensive hands-on experience and subject-matter expertise, which is well recognized in the industry. Our core founders form a diverse cohort of leaders from both genders with experience across industries (Public Sector, Healthcare, Transport, Education, etc), and with varied specialization (engineers, lawyers, tax professionals, management, etc).

Primus Partners brings experience of working in more than 30 countries with private and public sector, including working with Government of India, building and leading large consulting teams at the leadership level, and creating one of the largest public sector consulting practice in India. They also represent 200 person years of experience in leading global and Indian consulting firms and the public sector.

The founding team is supported by a distinguished advisory board that includes experts with leadership experience across Government, large corporate and notable civil society organizations.



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