

Press note no: 87

15/11/09

# POWER MINISTERS' CONFERENCE



SPEECH  
BY

**Thiru. Arcot N. VEERASWAMI**

**HON'BLE MINISTER FOR ELECTRICITY & P & AR  
TAMIL NADU**

NEW DELHI

15<sup>th</sup> NOVEMBER 2009

Hon'ble Union Minister for Power, Thiru Shindeji, Hon'ble Union Minister for New and Renewable Energy Thiru Farooq Abdullahji, Hon'ble Minister of State for Power Thiru. Solankiji, Hon'ble Ministers for Power from various States, Secretary, Ministry of Power, Officers from Government of India, State Governments and other Organisations and friends.

**2.0** On behalf of Hon'ble Chief Minister of Tamil Nadu Dr.Kalaignar Karunanidhi and on my own behalf, I would like to thank the Power Ministry for having organised this conference to discuss certain important and emerging issues relating to the sector. All of you are aware, that the Union Government is progressing well in various policy initiatives in the sector for boosting the reforms in all spheres such as generation, transmission, distribution etc. Taking this opportunity therefore I convey my heartiest congratulations to Thiru. Shindeji Hon'ble Union Minister for Power and the entire family of Power Sector for their achievement of **4123 MW** addition to the installed capacity within the first **100** days of the formation of new Government. I would also like to convey my sincere thanks for evolving a holistic

and pro-active approach in the generation and transmission corridor development. You would be happy to know that our State has already initiated action on a workable PPP model for laying of EHV transmission lines and associated sub stations. Further, I would also like to thank the Power Ministry for accepting my request made in the similar forum on 23<sup>rd</sup> June 2009 for required amendments and modifications to the 'Mega Power Policy' for encouraging the capacity addition. Among other things, striking out the mandatory requirements of 'inter-state sale of power' and 'privatization of distribution sector' are definite positive steps. So also is the extension of benefit to the projects on 'super critical technology'. However, I would like to suggest to reconsider the threshold capacity of **1000 MW** and above presently being continued; for most of such ongoing projects are of **660 /800 MW** capacity.

**3.0** I also convey my gratitude and sincere thanks to Dr.Farooq Abdullahji Hon'ble Minister for New and Renewable energy for the big thrust that he has given to the 'solar energy' and also for the

creation of an overall conducive environment for the sector.

**4.0** Before going into specific issues that I wish to raise, you would be happy to know that in spite of availability constraints, by fully utilizing all available resources, We are managing the power situation in our state quite satisfactorily.

#### **A. CAPACITY ADDITION**

**5.0** A targeted addition of **5055 MW** was fixed for the **11<sup>th</sup>** five-year plan. During the first two years, Tamil Nadu has already added **147 MW** and the remaining **4908 MW**, though seemingly a daunting task, will also be added quite ahead of schedule. However as the shortage of skilled personnel and equipment supplies are the main bottlenecks, Government of India may consider addressing these adequately.

**a.** Our ongoing, North Chennai Thermal Power Station with a capacity of **1200 MW** is fully eligible for the benefits under the 'mega power policy'. Hence, I would request the Ministry of Power to confer the Mega Power Status for this project.

b. TNEB-NTPC Joint venture project of **1500 MW** at Vallur (near Chennai) and TNEB-NLC joint venture project of **1000 MW** at Tuticorin are also progressing as per schedule. However, to meet out future demand, I would request the Ministry of Power to allocate **75%** of the installed capacity from these two projects to Tamil Nadu.

c. In addition, Kudangulam Atomic Power Station of **2000 MW**, being set up by Nuclear Power Corporation of India and expansion of Neyveli Thermal Power Station II of **500 MW** are expected to start generation by **June 2010**. But, as inordinate delay in commissioning these two projects is likely to affect our efforts, I would urge Thiru.Shindeji to impress upon the Ministries concerned for their early commissioning.

d. Besides, the State has also initiated steps for tapping of 'solar energy' of **20 MW** capacity at Udangudi in Tuticorin District. Feeding the surplus solar power from solar photovoltaic panels installed at LT consumers' premises into the Low Tension network is also under consideration of the Government.

e. Not only these, Our Government under the Stewardship of Dr. Kalainger Karunanidhi have also initiated advance action for meeting our 12<sup>th</sup> plan requirements. Our Hon'ble Chief Minister Dr. Kalainger has accorded approval for setting up of three Thermal Power Stations of **3400 MW** capacity. However as the 'long term coal linkage' for these projects by the Ministry of Coal has yet to be accorded, I request you, to kindly use your good offices to ensure that coal linkage to these projects is provided most urgently.

**6.0** Union Government is aware that many States are buying electricity at quite high cost from independent power generators. Therefore, if the excise duty exemption is granted to liquid fuels, the overall cost of generation will reduce at least to the tune of **50 to 60** paise per unit.

**6.1** As per the present policy, about **14** million tonnes of coal has been allotted for running various thermal stations in Our State and is being transported through 'sea cum rail route'. However a recent amendment made in the Finance Act **2009** relating to levy of service tax on all the goods



transported via sea, increases the coal handling charges. Therefore, if the Union Government exempts levy of service tax to the "Coastal movement of thermal coal", We will be able to keep the generation cost within limits. Hence, I request the Hon'ble Union Minister to use his good offices to move the Ministry of Finance accordingly.

**6.2** As Tamil Nadu is also dependent on four gas based stations, to operate these at full capacity, we need sufficient quantity of gas and completion of supply network. Hence, I would like to request the Ministry of Power to persuade Ministry of Petroleum and Natural Gas for issue of suitable directions to M/s GAIL.

**6.3** To maintain the Grid discipline, the CERC has been increasing the Unscheduled Interchange (UI) rates very frequently. Some long term policy therefore has to be evolved in this regard.

## **B. OPEN ACCESS**

**7.0** Though we are fully aware of the statutory provisions with regard to 'open access' issues, in view of the present power shortage situation, Our

Government has decided to allow only 'Intra - State' Open Access. However, to mitigate the consequential hardships that the private generators might face, we have also allowed 'unrestricted intra state open access' to all those consumers whose demand exceeds **0.25 MW** and keep the levy of cross subsidy surcharge in abeyance. Therefore no private generators in Tamil Nadu have any grievance on this issue.

## **C. Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)**

**8.0** With the approval of the Union Government, Tamil Nadu has taken up the RGGVY in **26** districts with an outlay of **Rs.447.41** Crores and have planned to electrify all the 5.24 Lakhs BPL house-holds before the end of December 2009. Out of these, about **3.40** Lakhs house service connections have already been provided and we are confident of completing the entire scheme well ahead of schedule. The Government of India may therefore consider according approval for the implementation of the project in respect of remaining three districts also.

## **D. R-APDRP**

**9.0** I am happy to inform that our State has already got sanction of the DPRs in respect of all the eligible **110** towns under R-APDRP scheme at a total cost of Rs. **417** Crores and would like to convey my sincere thanks to Hon'ble Shindeji for having initiated such a holistic improvement project. Also, I would like to assure the Union Government that Tamil Nadu will be the first state to implement and show the results expected of the project.

**10.0** Last but not the least, I would like to inform the Union Government on the process of restructuring of TNEB. We have already incorporated the Tamil Nadu Transmission Corporation Limited on **15.06.09**. Similarly, Generation and Distribution and TNEB Holding Companies will also be incorporated shortly and made operational well within this financial year.

**11.0** Once again I take this opportunity to convey my sincere thanks and deep sense of gratitude for the opportunity given to me.

**Thank You**

வேளையூர், இயக்குநர்  
செய்தி, மக்கள் தொடர்புத் துறை,  
கலைமைச் செயலகம், சென்னை-8