

Power sector revival requires structural changes: Brickwork

Around 60 GW thermal power capacity under stress

OUR BUREAU

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The revival of the country's power sector requires meaningful structural changes, targeting an improvement in the operational efficiency, a reduction in cross-subsidies and cost-reflective tariffs, said a report by Brickwork Ratings.

Vipula Sharma, Director at Brickworks Ratings stated in the rating agency's sectoral report, "The power sector has been one of the major contributors to banks' increasing NPA issue, with nearly 60 GW of thermal capacity currently being under stress."

Meeting peak demand

Given the lack of storage facilities for renewable energy in the



country, it is still not in a position to meet peak demand. Although the Solar Energy Corporation of India (SECI) has been experimenting with hybrid and round-the-clock projects, their track record in meeting peak demand is yet to be seen.

Under this situation, the said stressed thermal capacity can play a major role in bridging the gap, and the sector exposure caps of banks would be freed for providing assistance to new projects in the power sector.

Discoms revival scheme

The sector received a substan-

tial boost from the government in the Union Budget. From monetising operational transmission assets to a ₹3.06-lakh crore scheme for the revival of discoms, the government announced a slew of reforms for the ailing sector.

While the terms of the discoms' revival scheme are yet to be declared by the government, it was mentioned that these funds would be utilised for the upgradation of the distribution infrastructure, and the infusion would be performance-linked.

Even in the past, multiple attempts have been made to improve the viability of power distribution companies, which are one of the main sources of stress in the sector, but none of the reforms have been able to produce the desired results.

It remains to be seen how this scheme would be different from all the measures implemented in the past.