



Confederación Española de Organizaciones Empresariales
Consejo de Promoción Exterior

Madrid, 25 de noviembre de 2008

ASUNTO: “Sector energético en India”

Estimado amigo,

India está reestructurando el marco institucional y legal del sector energético, con el fin de introducir mayores criterios de eficiencia y transparencia en la gestión de sus recursos, así como para dar un mayor protagonismo a los operadores privados. Con el fin de obtener una visión más clara sobre el actual mercado energético en India y los retos que se plantean en este sector, la CEOE organiza el próximo **9 de diciembre** a las **12.30 horas** un **Encuentro Empresarial sobre el Sector Energético** (fuentes de energía convencionales y renovables), cuya presentación titulada **“Energy in India: Charting the course for an efficient market-oriented system”**, correrá a cargo del Director General de **MERCADOS EMI ASIA, Señor Anish De**.

Todas aquellas personas de organizaciones, empresas e instituciones financieras que deseen asistir a este Encuentro deberán confirmar su presencia mediante el número de fax 915 640 135 ó correo electrónico (tmontero@ceoe.es), a la atención de Don Álvaro Schweinfurth Enciso.

Sin más, recibe un cordial saludo,

(Original firmado por)

José García-Morales
Director
Departamento de Relaciones Internacionales

Madrid, 30 de Octubre de 2008

MERCADOS EMI – INTRODUCTION

Based in Madrid, Mercados EMI is a recognised international specialised consultancy firm supporting private and institutional clients in restructuring energy sectors, promoting competitive energy markets and assisting energy businesses to succeed. Our scope of activities covers the conventional energy market (oil & gas) as well as the new markets arising from environmental and renewable energy policies being adopted in Europe and beyond. Our key team members have held top positions in government, regulatory authorities or energy companies, and have actively participated in restructuring and privatization processes, regulatory transformation, tariff advisories, technical and market studies and other works related to the energy sector in over 60 countries worldwide.

MERCADOS EMI ASIA

In March 2008, Mercados EMI opened an office in New Delhi (Mercados EMI Asia) to strengthen our business in the South Asia region. We began working in India in 2001, assisting State Electricity Regulatory Commissions (SERCs) define new electricity tariff systems for the restructured power sectors. We have provided utility management training courses through Power Management Institute (PMI) and continue to provide capacity building in the sector by partnering with Infeon Network Private Limited (INPL) (a part of DESCON in Kolkata) for the Development of a knowledge and information sharing portal on the Indian electricity sector (www.indianelectricity.com). Mercados EMI is the main provider for this analytical and strategically-oriented content on issues specific to the Indian context.

Since our launching of Mercados EMI Asia in March, we have been advising numerous private clients on power sector investment opportunities in India, in traditional thermal generation as well as in renewables. Our services to these clients span the chain of activities in project development, including: Opportunity search and identification, techno-economic feasibility studies, EPC and equipment supply evaluation, partner search linkages, tender process advisory and project implementation. We provide the same services for Indian firms looking abroad for the sale of power-related equipment and project investment.

Electricity in India – At the Crossroads

After a long period of despondency over failed promises and missed targets, the electricity Industry in India is suddenly witnessing optimism that was rarely witnessed before. The statistics are compelling. As compared to actual achievement of only 21,180 MW of capacity addition from conventional sources (excluding captive power) during Tenth Plan period (2002-07), the country plans to add almost 79,000 MW in the XIth Plan period (2011-12). More importantly, there is an air of purpose around this target. Even as we have not completed the first year of the XIth Plan period, firm orders have been placed for more than 75,000 MW of capacity that is to be commissioned during the plan period. More orders are in the pipeline. Clearly many things have changed in the power sector in India.

As the economy has been growing in the vicinity of 9% on a sustained basis, Indian industry has been looking at options to serve the energy needs. Growth is indeed energy hungry. Even on a conservative basis, to cater to the demand growth on account of GDP growth alone, about 80,000 MW of capacity is required. To add the pent up demand on account of unserved load, and reaching out power to all as per Government of India policies, the country would need more than 100,000 MW during the XIth Plan period. This appeared a pipedream a year back, but the projects pipeline that is visible has indeed changed the equations more than a bit. It is now clear that the State Sector as well as the Private Sector and even large industrial consumers are scaling up to serve the needs.

Much of the change is on account of the Electricity Act, 2003, which has liberalised the sector in India, opening up many possibilities for entrepreneurship and innovation that did not exist before. As a consequence, there is now a whole wave of entrepreneurial activity. However the situation is not without its challenges, including those relating to:

- Lack of adequate distribution reforms and performance improvement. The electricity distribution sector continues to lose money heavily, and is heavily dependent of subsidies from the government
- While transmission infrastructure is being created, there is a need for further reforms in open access and transmission pricing
- In the generation sector there are delays due to shortage of implementation facilities
- There are severe constraints in transportation infrastructure for equipment and fuel.
- The fuel sector is critically constrained. The coal mining sector is largely controlled by inefficient state owned utilities. Imported coal is expensive, in addition to the port infrastructure constraints that such imports will have to contend with.
- New capacity will face financing challenges and constraints, and there is a clear need for augmenting the available domestic funds.
- Above all, even as the renewable energy segment is growing rapidly in India, most of the new capacity is coal based. In spite of improved technology, the environmental impact is severe.

The challenges are significant, but so are the opportunities. Unlike in the past, the opportunities are more broad-based and durable. In particular for developers (both domestic and overseas) and for technology service providers, this fast growing and increasingly sophisticated market offers tremendous potential for profitable growth.

The market provides adequate security for the investments made. However it also demands commitment of resources and energy to ensure that the investments provide adequate returns. Potential investors should carefully evaluate opportunities, develop concrete strategies and robust investment criteria and make a long term commitment.

CURRICULUM VITAE

Anish is the CEO of Mercados EMI Asia. Previously, he spent five years with Ernst & Young in New Delhi as Associate Director of the firm's Transaction Advisory Practice and managed the transactions and consulting services department for natural gas and clean energy. Anish is a specialist in private investment strategy in the energy sector, particularly related to the generation sub-sector, in hydro, wind and solar generation. In his 10 years of consulting experience in energy sector reform and restructuring in India, Anish has also provided assistance to public and private entities on the national and state levels in the development of policy and regulation to support energy sector liberalization. Anish is a mechanical engineer from Regional Engineering College, Rourkela, and obtained an MBA from Xavier Institute of Management, Bhubaneswar.

Anish es el Director Ejecutivo de Mercados EMI Asia. Anteriormente trabajó para Ernst & Young en Nueva Delhi como Socio Director a cargo del departamento de servicios consultoría de gas natural y energías limpias. Anish es experto en estrategias de inversiones privadas en el sector de energía, particularmente en el sub-sector de generación, energía hidroeléctrica, eólica y solar. Durante los diez años de experiencia en consultoría en la reforma y reestructuración del sector de energía en India, Anish ha apoyado a entidades públicas y privadas a nivel estatal y nacional en el desarrollo de políticas y regulación de liberalización del sector. Anish es ingeniero mecánico por el Regional Engineering College, Rourkela, y obtuvo su MBA en el Xavier Institute of Management, Bhubaneswar (India).