

Quarterly Market Observatory

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Power Transmission in India Outlook Update – Q2 2020

April 2020

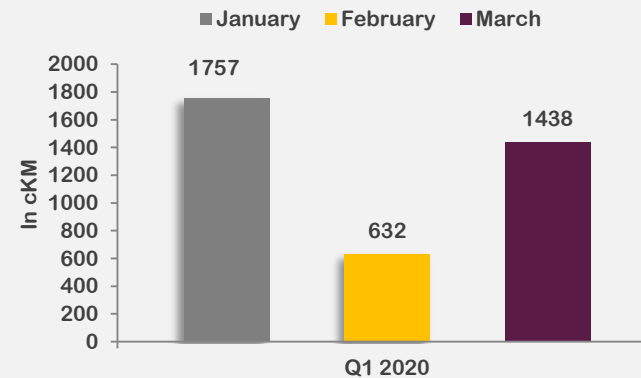


The Eighty – 20 of Industry: What Matters?

Leading Edge

Government allowing the construction of renewable projects during lockdown brings a ray of hope for power transmission segment

Due to the COVID-19 virus outbreak the nation has been brought to a standstill, the power transmission segment also had to suffer few hindrances but still the sector fared well with the force majeure by completing 3827 ckm of transmission lines projects across various voltage levels across the various parts of the country. The government decision of allowing the construction of renewable power projects during the lockdown has also been seen as the positive step which will further help in the growth of the transmission segment in Q2 2020. Government in past few months has been very pro active in constructing transmission projects for renewable power evacuation and recently too, the state run firm REC Ltd has approved the proposal for incorporation of seven project specific special purpose vehicles (SPVs) as wholly-owned subsidiaries of REC Transmission Projects Company Ltd which would facilitate evacuation of renewable energy from Maharashtra, Madhya Pradesh, Karnataka and Rajasthan which further will help in the growth of transmission network in the country.



1934 ckm

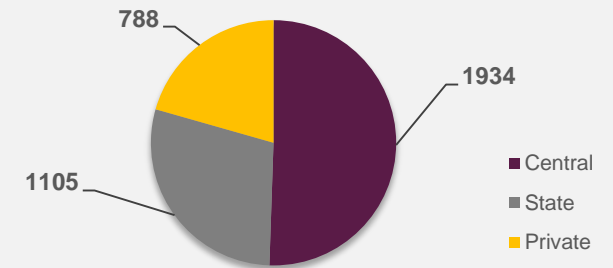
Of power transmission lines completed by central transmission utility in Q1 2020

Source: eninrac consulting, CEA & Channel checks

Capacity Additions in ckm in Q1 2020

50%

Of capacity additions in transmission infra courtesy Central power transmission utility in Q1 2020



Source: eninrac consulting, CEA & Channel checks



Private players participation has increased in the power transmission segment as high investments are experienced in Q1 2020

Numbers to Focus Upon – Q1 2020



Private players Sterlite Power & Kalpataru Power commissioned 484 ckm of transmission lines

Two of the private players in power transmission segment Sterlite Power & Kalpataru Power commissioned 484 ckm of power transmission lines in Q1 2020.



1135 ckm of central sector & 524 ckm of state sector transmission lines commissioned in January 2020

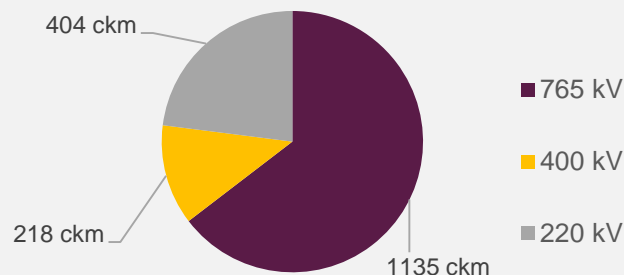
January 2020 saw completion of 1757 ckm of transmission lines spread across central, state & private segments. Of the capacities added 1135 ckm were added in 765 kV, 218 ckm in 400 kV and 404 ckm in 220 kV, respectively.

Key Features Expected



Uttar Pradesh edging closer towards meeting peak power demand and reducing power outages

The present transmission capacity of Uttar Pradesh has risen to 24,500 MW which will help the state to bear the peak power demand load upto 24,500 MW. High power transmission capacity will further help in reducing the power outages caused to the high peak demand. Furthermore the total transmission capacity — indicative of power import load from outside the state — has also increased from 8,700 MW to 13,400MW in the state.



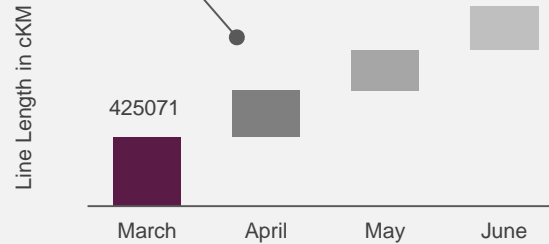
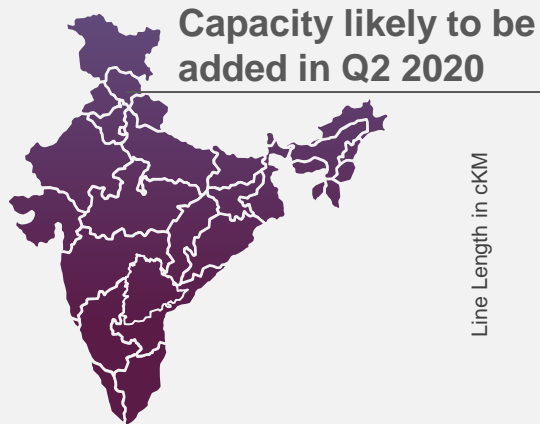
Deployment Trends - Projects

01 Lakadia Vadodara project gets funds

Sterlite Power has secured INR 2,024 crore funding from IndusInd Bank and L&T Infrastructure Finance to execute Lakadia Vadodara transmission project.

02 Gas-Insulated Substation (GIS) bays at Phagi

GE T&D India announced that it has bagged a contract by state-run Power Grid Corporation (PGCIL) for construction of 765-kiloVolt (kV) Gas-Insulated Substation (GIS) bays at Phagi in Jaipur district of Rajasthan.



Source: eninrac consulting, CEA & Channel checks

This Quarter – Q2 CY 2020



In Q2 CY 2020 the overall capacities to be added in the line length of India is expected to be in range ~ 3,500 to 4,000 ckm. It is expected that maximum of the capacity additions will happen in June 2020. We need to wait and see the impact of COVID 2019 onto capacities in Q2 2020.



Key Investments – Q2 2020

- The board of India Grid Trust has approved acquisition of Gurgaon Palwal Transmission Limited (GPTL) from transmission firm Sterlite Power at a value of INR 1080 crore
- ABB Power Grids has been awarded a project worth INR 165 crore by IndianOil Corporation Ltd (IOCL) to ensure reliable grid connection at its Barauni refinery in Bihar.
- Assam Electricity Grid Corporation Limited, has invited international competitive bids for the construction of two gas-insulated switchgear (GIS) substations in Assam, under the larger Asian Infrastructure Investment Bank (AIIB)-funded Assam Intra-state Transmission System Enhancement Project..



Key Trends – Power Transmission in India Q2 2020

- Government is pushing for transmission projects which will help in renewable power evacuation so, state-owned shadow banking firm REC Ltd board has approved a proposal to incorporate seven power transmission projects which would facilitate evacuation of renewable energy. These projects will evacuate clean energy from Maharashtra, Madya Pradesh, Karnataka and Rajasthan.
- Transmission utilities have been cutting there expense by purchasing power from exchanges. The spot prices of power have hit a low with a fall in demand and Transcos have purchased power at this low cost by putting high cost conventional power generation stations on reserve shut down.



Key Signpost – Government allows construction of renewable projects during lockdown

The government has allowed the construction of renewable energy projects in its revised guidelines regarding lockdown measures to be taken by ministries and departments in a bid to contain the COVID-19 epidemic in the country. The new renewable projects will require power evacuation which will thereby call for construction of new transmission projects thus, helping in the growth of the power transmission network in the country.



Contents & Coverage – Q2 2020

01 This Quarter

The section shall reflect upon the major trigger points for transmission sector in India including investments, project developments, policy & regulatory interface, M&A etc.

04 Numbers to Learn

All power transmission capacity additions with a split on voltage wise, length wise, ownership wise, & state wise break up shall be included. Moreover, sub-station works & transformer supplied status with upcoming projects shall be tracked as well

07 Deployment Trends

The pace of deployment of projects at central, state and private transmission company levels covering issues like RoW, investments & project management shall form part of this section

02 Key Features

Key features shall cover the major strengths and development map that the industry has shown over the quarter

05 The Eighty - 20 of Industry – What Matters?

In this section the major factors which are acting as the growth catalysts / barriers in the Indian power transmission segment are highlighted inclusive of policies, regulations etc.

08 Technology & Price Trends

Capture of all the latest technology implementation, tie-ups with entire price benchmarks w.r.t state of art shall be the focus of this segment

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03 Leading Edge

The current affairs leading business impacts on power transmission sector with insightful data analytics & our exclusive “Knowledge Grid” feeds covered in the section. Our analyst's viewpoints with sharp edged objectives shall be central to the section

06 Key Signposts

The business factors which shall govern the course of coming quarters of business and the industry response to the changes shall be the focus area of this segment

09 Industry Activities & Corporate Strategies

All the industry order track & merger's and acquisition activities shall be tracked. Fresh investments in transmission sector as per player's shall also be tracked in this section



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Please call at +91 120 – 4147 000 for any other queries

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Companies Mentioned

- Indigrid
- Kalpataru Power Transmission Ltd
- Tata Power
- ENCIL
- PGCIL
- Adani Transmission Limited
- Sterlite Power Transmission Limited
- Essel Infraprojects Limited
- Essar Power Transmission Company Limited
- L&T Infrastructure Projects Limited
- Techno Electric & Engineering Company Limited
- GETCO
- TSTRANSCO
- PSTCL
- HPPTCL
- OPTCL
- Other State Transmission Utilities



The life of a man consists not in seeing visions and in dreaming dreams, but in active charity and in willing service

- Henry Wadsworth Longfellow

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