

## POWER

## Expert call - GNA a potential gamechanger

- Proposed general network access (GNA) policy, which places onus of transmission on buyers rather than generators, a key policy shift
- Draft policy on capacity trading another potential reform that will help utilise stranded power assets
- Some coal capacity necessary to meet future demand; however, capacity not as much a constraint as coal availability

We hosted a call with power sector expert Arun Kumar to discuss the current challenges facing the industry. Key takeaways:

**General network access – a key proposed policy change:** GNA refers to nondiscriminatory or open access to the interstate transmission system for injection of power and for drawing of power by customers for a specified period. GNA will be customer-driven rather than producer-driven, and demand management thus becomes more important. It will engender greater discipline among states as they will be penalised for overdrawing power. This also translates the government's notion of 'One Nation, One Grid' into reality given access to interstate systems. India has enough transmission capacity for GNA implementation, and the proposed policy will align the sector with international practices.

**Power exchange market must be deepened:** India's third power exchange, HPX, was launched last month. The sector is dominated by IEX, which has a near monopoly (>95% market share), and it remains to be seen whether HPX can make inroads. That said, the power market needs to be deepened via higher traded volumes. Currently, traded power accounts for just ~5% of the country's total units.

**Draft policy on traded capacity likely:** The government may soon come out with a draft policy on capacity addition for both renewables and traditional power. The idea is to create a market where capacities can be traded, which will be useful for stranded assets where spare capacity can be used to meet increasing demand.

**Coal supply critical to meet demand:** While players like NTPC have indicated that the supply overhang is behind us and new power generation capacity needs to be added, it is actually coal supply that is a more pressing issue to meet the rising demand. India's national PLF (plant load factor) is still at ~60% levels and can go higher. More important will be the planning and logistics of coal supply than the need for new capacity itself.

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