

Who will take on this blue eyed boy?
(Tehelka – like expose needed into AP power deals)

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22-03-2001

Some people have all the luck – there are no Tehelka.coms around to trouble them.

I am referring to our own Chief Minister. It is rumoured that his name too figures some where in the Tehelka expose. I am not alluding to that. The reference is to the plenty of questionable things happening down here which only `YS` shouts hoarse about, and which the media appears to be not greatly inclined to investigate. Given the understandably low opinion most people have of the Congress party and its legislators, an expose done by them cannot have the same effect as that undertaken by the media. One need not have a naïve faith in the media and its integrity to see this.

Almost from the beginning of the electricity reforms in our State, there have been serious doubts about the course the process has taken. The least damaging thing that has been said about it is that the reform process has been a victim of ignorance and inexperience. Whether there is more to it than mere foolishness is precisely the kind of question that merits investigation.

One is tempted to imagine what results an enterprising journalist pretending to be a prospective IPP (the reforms jargon for private producer of electricity) with plenty of `suitcases` to throw around would have exposed: a sample being that it is possible to obtain a quota of fuel for producing power without even having a shadow of a plant to show; having got permission to set up a project, it is possible to obtain endless extensions of time, not for actually producing electricity, but even for such a preliminary thing as financial closure; it is possible to bid `competitively` first for a small plant and then increase its capacity without any competitive bidding for the capacity added, through the generous fiats of government memos; alternately, without bothering to participate in the competitive bidding for permission to produce electricity at all, it is possible to purchase a concern that has bid successfully and then silently transform the concern out of shape by obtaining permissions one after the other from the government and end up with a totally new project which never participated competitively in the bids; it is possible to take over a plant licensed at a high fixed cost based on costly fuel and obtain replacement of the fuel with cheap natural gas without alteration of the approved fixed cost; it is possible to jump the queue in the matter of quota of cheap fuel from the ONGC and walk away leaving the fools in front producing on naphtha and dreaming of natural gas; and perhaps (this is yet to come) in the end buy up the distribution network of the erstwhile A.P.S.E.B comprising valuable real estate for dirt cheap valuation called book value and sell the real estate at ten times the price, all

on paper, thumb your nose at electricity distribution and walk home with plenty of a more durable kind of paper.

This is not prejudiced imagination. It is the stuff (excepting the last bit which is for the future) of the Konaseema Power Project affair that the Congress has been shouting about but nobody is listening. There are strange notes penned by the same official, one a letter on behalf of the State government to the Centre recommending concessions to the concern, and the other a noting in his own name (intended probably for the State government) expressing serious misgivings about what his other hand has recommended. There are further letters signed by the A.P.Transco raising serious objections to the soft corner the State government has been exhibiting towards that Konaseema Power Project. What is important is not the authorship of these communications, which may be conveniently denied, for whatever reason. What cannot be disputed is the impeccable reasoning they disclose and the facts they rely upon.

What appears to have angered A.P.Transco is that the producers it purchases from who have been in the waiting list for allotment of cheap fuel (natural gas) are ignored and a late comer who wants natural gas to directly supply power to industrial consumers is given the allotment, contrary to procedural norms and contrary to the sense that the Government should be expected to exhibit, namely that if the producers who supply power to A.P.Transco are favoured, the ordinary consumer will benefit, whereas it serves no public purpose to prefer some one who wants to make a profit for himself supplying power direct to industrial consumers.

The question is: is this merely lack of sense? Are we dealing with foolishness or with knavery? This is not the only transaction in the story of electricity reforms that raises this question. The very costly Power Purchase Agreements whose contents and whose rationale are yet to be made public – which neither the Electricity Regulatory Commission nor the High Court of Andhra Pradesh have deemed necessary to be made public – may reveal many such stories if any one delves deep enough into them. But who will take on the darling of the World Bank?

(Published in Indian Express)