

SECURITY FRAMEWORK

CEA evaluating power equipment from China

Notices sent to firms for information; survey aims to put at rest worries on performance of Chinese equipment

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Central Electricity Authority (CEA), India's apex power sector planning body, is evaluating the performance of power generation equipment in the country supplied by Chinese firms such as Durgam Electric Corp. and Shanghai Electric Power Co. Ltd. three people familiar with the development said.

The survey is meant to put at rest concerns over Chinese equipment, given the strategic importance of such power projects.

Several Indian power project developers including Larsen & Toubro Ltd, Infratech Power Ltd, Adani Power Ltd, CLP India Pvt. Ltd and BHEL Energy Ltd have placed orders with Chinese firms. Some power plants that have used Chinese equipment have not run smoothly.

But as some developers that have placed orders were unwilling to provide details sought by CEA, the authority invoked the Electricity Act and issued notices asking the companies to divulge

information, the people mentioned above said, all declining to be identified.

But couldn't ascertain the names of the companies to whom notices were sent.

While spokespersons for Larsen & Toubro and BHEL Energy (BHEL) refused to comment, a person associated with an official established on 20 February, a BHEL spokesperson declined to comment.

A CLP spokesperson should receive any such notice from CEA. "We confirm that no notice has been sent to us for any such information and we have been issued any notice," the CLP spokesperson said.

An Adani Group spokesperson in an emailed response said, "We have been providing information on the queries from time to time to the authorities. We have not received any queries in recent past. However, if asked we will certainly provide the requisite information."

CEA's decision follows an earlier quality audit on Chinese power equipment in 2008, which was completed without the participation of any of the Chinese companies involved.

The equipment evaluation

has been taken up by CEA, since they were not getting the required information from some of the developers, sources were with order for (Electricity) Act," a power ministry official, one of the three mentioned above, said.

Another power ministry official confirmed the development.

The evaluation is likely to be completed in a few months, according to a CEA official

"The survey has been on for some time. We had to send notices as we were not getting the required information. Since data was not being shared, hence the Act was invoked," a top CEA official said. "We are hopeful that the evaluation will be completed in a few months. This is a sensitive topic, the data is being verified and re-verified."

Mint reported on 10 October 2008 about an earlier audit that found several problems with such machinery but stopped short of preventing power plants from using them. The report had raised questions about the operation and maintenance of such equipment, the lack of a comprehensive quality plan and the involvement of Chinese engineers in site locations.

"Since on-field performance data is not available for a sufficient long time, it is difficult to conclude on the performance of Chinese equipment. Such large orders ultimately raise anxiety in the planner's minds," said Mohan Prasad, senior director, consulting, energy and resources at Deloitte Touche Tohmatsu India Pvt. Ltd, an audit and consulting firm.

There have been instances in the past when India stopped giving clearance to procure equipment imported from China about security concerns were expressed by the ministry of home affairs and the Prime Minister's Office, India last year supposed import duty on power generation equipment that will affect Chinese manufacturers.

Queries sent to Durgam's and Shanghai Electric's chief representatives in India on 20 February remained unanswered. While Shanghai Electric's chief representative requested the queries to be forwarded to his personal email address, Mint couldn't confirm whether Durgam's India representative received the emailed queries.

This evaluation comes in the backdrop of CEA preparing a list of sensitive imports such as software for electricity grids that may have security implications. The exercise is part of an effort to put in place a security framework aimed at avoiding an shortage of power plants and other vital installations.

"The list is ready and contains the names of hardware and software that can be categorised with. We have submitted the report," said the CEA official quoted above.

Similar lists are also being prepared at other ministries such as ports and shipping. These lists are being prepared after careful talks by a committee of secretaries on the issue.