

ADB Provides USD 451 Million to Strengthen Power Connectivity in Tamil Nadu

The Asian Development Bank (ADB) has approved a USD 451 million loan to strengthen power connectivity between the southern and northern parts of the Chennai–Kanyakumari Industrial Corridor (CKIC) in Tamil Nadu, India. The ADB project will allow more power, including renewable energy, to be transferred from new generation facilities in the south CKIC to the north, where it is most in demand. This will help promote economic development by delivering a more reliable and competitive power supply for industry and services in the state, which will in turn spur jobs and improve livelihoods.

Tamil Nadu had the second largest economy among India's states in 2018, with a gross domestic product of USD 250 billion. However, the state government has identified quality infrastructure including a reliable power supply as a key prerequisite for further economic development. As a key component, ADB has been assisting in developing CKIC, which covers 23 of the state's 32 districts and 70% of the state population.

The state is aiming to develop the northern Chennai–Tiruchirappalli area of CKIC as a manufacturing center while targeting the relatively poor southern Madurai–Thoothukudi portion for the development of renewable energy-based power generation because of the availability of wind and solar resources.

With households at 100% electrification in the state, it is expected that industry and commercial enterprises will account for future growth in power demand. Installed generation capacity in March 2019 amounted to more than 30,000 megawatts (MW). It is expected that with peak

demand for electricity in Tamil Nadu rising, a capacity of 50,000 MW will be needed in the state by 2025. The districts in southern CKIC are expected to contribute 9,000 MW of extra generation capacity during fiscal years 2019–2015 to help meet this demand, including 6,000 MW of renewable energy capacity.

The project will establish an extra-high voltage 765-kilovolt (kV) transmission link to transfer the 9,000 MW of extra capacity from Virudhunagar in the southern CKIC northwards to Coimbatore, a major industrial center, and Chennai. The project includes construction of a 400-kV network to pool power generated at renewable and thermal power plants in Thoothukudi district to Virudhunagar.

The project will also build the operational capacity of the state-owned company responsible for transmission. This includes supporting a financial restructuring plan, better facilities and work environment for women workers, and improving its monitoring capacity for social and environmental impacts of power transmission projects. To help finance this capacity building work, ADB has approved a complementary technical assistance grant of USD 650,000. The grant comes from ADB's Technical Assistance Special Fund.

The total cost of the project is USD 653.5 million, of which the government will provide USD 202.5 million. The estimated completion date is the end of 2024.

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