

Indo-US civil nuclear deal implementation will take at least 2 years: Vijay Sazawal

MUMBAI: The ground-level implementation of the Indo-US civil nuclear deal will take at least two years since finalising the business model with the Nuclear Power Corporation of India Ltd (NPCIL) by the US vendors is going to be the most "time consuming" effort, a top nuclear business expert said here today.

"Most time consuming effort in the entire deal is to work out the business model that will end up with a tariff rate in rupees per kilowatt-hour which is acceptable to the Nuclear Power Corporation of India Limited," Director of Government Programmes of a global energy company **USEC Inc**, Vijay Sazawal told PTI here.

"This model is so different and will take at least two to two-and-a-half years to work out," he said.

Referring to the modalities involved, Sazawal said, "This particular track is the one that US vendors are most unfamiliar with and may end up to be the most critical path in the execution of final contract between American Nuclear Suppliers and the NPCIL".

Sazawal is also a member of the Civil Nuclear Trade Advisory Committee of the US Government and is closely involved as the expert on the subject matter in the US-India Business Council.

"I hope that US vendors and Indian utility (NPCIL) will come to a successful closure because of all the investment that went into the signing of the US-India Civil Nuclear cooperation deal," he said.

Observing that the Indo-US nuclear deal is a continuous and multi-dimensional effort at the government-to-government level, Sazawal said the respective governments are trying to exchange ideas and projects regarding safety, improvements in technology and other areas of common interests.

India-U.S. Nuclear Growth May See More Delays

By ERIC YEP

MUMBAI — U.S.-based companies hoping to cash in on India's plans to increase its number of nuclear reactors could face more delays despite the government's efforts to bring the country's liability rules for nuclear accidents in line with global norms.

U.S. companies had expected big contracts to flow from India's nuclear expansion after a New Delhi-Washington agreement in 2005 and a subsequent waiver from the Nuclear Suppliers' Group on the transfer of nuclear technology to India.

But last year India's parliament passed a liability law making both equipment suppliers and reactor operators liable to accident compensation claims, stalling the entry of companies like GE Hitachi Nuclear Energy and Westinghouse Electric Co.

The government is unlikely to make changes to that law, which it plans to formally implement when Parliament meets in December.

"I don't see a possibility of a change [in the law] in the near future," Ravi Grover, principal adviser in the country's Department of Atomic Energy, said recently.

India's ambitious nuclear expansion plans call for it to have 20,000 megawatts of nuclear-powered electricity generating capacity by 2020, from an existing 4,780 MW, or 3% of India's total power capacity.

Negotiators on both sides had hoped that a separate move to align liability rules with a global convention might break the deadlock.

"For international and Indian firms to participate in India's civil nuclear sector, India needs a nuclear liability regime consistent with international standards. To this end, we welcome India's commitment to ratify the Convention on Supplementary Compensation later this year," said Geoffrey R. Pyatt, Principal Assistant Deputy Secretary in the U.S. State Department.

However, it's still unclear whether India ratifying the CSC will be enough to convince companies to push into the Indian market.

Mr. Grover of the D.A.E. was noncommittal when asked if the rules accommodate the concerns of foreign suppliers. "Rules have to be framed within the ambit of the Act [Nuclear Liability Act], which has been passed by the parliament."

There is no way that suppliers like Westinghouse will operate in the absence of nuclear liability protection, Gary T. Urquhart, vice president at Westinghouse Electric said. "We will operate only in countries that have that type of legal system in place."

Officials from GE Hitachi declined to comment.

Westinghouse and GE Hitachi have signed preliminary reactor agreements with Nuclear Power Corp. of India, the state-run operator of nuclear plants.

Nuclear Power is now building two indigenously designed nuclear plants of 700 MW each in northwestern Rajasthan state at cost of about 130 billion rupees (\$2.7 billion).

Officials close to the talks say a major hurdle lies in the lawyers advising U.S. companies, who insist on a change in the law itself.

"To a large extent it'll come down to individual companies making individual decisions -- to evaluate the risks in this market and whether they want to be in this market or not," said Vijay Sazawal, director of government programs at the **U.S. Enrichment Corp.** and also a member of the U.S. Civil Nuclear Trade Advisory Committee.

Write to Eric Yep at eric.yep@dowjones.com