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IT companies vie for \$7 billion nuke power deals

Peerzada Abrar, ET Bureau Jan 6, 2010, 07:14am IST

BANGALORE: With India planning to raise its share of nuclear power generation from the current level of 4% of its total power generation to 9% in the next 25 years, technology companies have started the rat race to grab key engineering contracts. Contracts worth about \$3-\$7 billion are expected to open up in the next two decades. Tech companies, such as TCS, Satyam, QuEST Global and Cranes Software, have evinced interest in bidding for these contracts.



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India is emerging as a major player in the global race to build nuclear power plants and there are plans to create an additional 15-17 gigawatts (GW) of nuclear power. Experts said that it could cost anywhere between \$2 billion and \$4 billion to design and build a nuclear power station, which can generate 1 GW of power.

However, the cost will vary based on the technology of the nuclear plant, the power of the reactor and the location of the plant. According to industry experts, at an average rate of \$30 per hour, this translates into a requirement of 90 million to 226 million engineering hours in India. There are already a few requests for proposal and information (RFPs/RFIs) contracts that have been floated in India by some nuclear research organisations and by US and European companies which are looking for engineering partners in India.

"The engineering content would constitute about 9-10% of the total cost of designing and building a nuclear power plant," said Bejoy George, chief marketing officer at engineering outsourcing firm QuEST Global. The engineering work involved includes making turbine generators, mechanical, civil structures, instrumentation, laying pipes and cables and will be mainly in the design of the nuclear power plant, according to BVR Mohan Reddy, chairman of [Infotech Enterprises](#). "By 2020, 44% of India's energy needs will be met by nuclear plants," he said.

"About 75% of the work is in the non-nuclear engineering segment, where Indian companies can play a role, while 25% is the core nuclear engineering area, where there is a less role to play," said Mr Reddy.

There will not be much engineering work relating to the nuclear reactor itself, as this technology is owned and closely guarded by the nuclear technology owning companies in the US, France, Japan and Russia that will bring their technology to India.

Indian tech companies have had sufficient exposure to the nuclear power generation segment. Many Indian companies were shortlisted for a contract worth a few crores floated by the International Thermo-nuclear Experimental Reactor (ITER) to build a small nuclear reactor for scientific research, according to people

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familiar with the situation. "Cranes Software had reached the final stages of discussion and may have bagged the contract," said a person familiar with the development.

QuEST Global is already in talks with players in the US, Europe and Japan in the nuclear industry to offer engineering services. It foresees that its Indian engineers will work mainly for Indian nuclear projects, while engineers, who are based in other countries, can work for nuclear projects of that particular country. "We have submitted a few proposals, and are awaiting the final decision," Mr George of QuEST said, but denied to reveal any names citing confidentiality agreements. Experts such as former Atomic Energy Commission (AEC) chairman and nuclear scientist Anil Kakodkar had said that with the Indo-US nuclear deal in place and domestic production of uranium going up, they will be able to reach full capacity from existing and newly planned nuclear power stations.

The Karnataka government had recently urged AEC to set up a 2,000 MW greenfield nuclear power plant in the state to meet the growing demand for energy. The state's plea for a greenfield atomic power plant is in line with the central government's target of generating about 20,000 MW through nuclear energy by 2020.

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