

Distribution leases will pick up pace post polls: Tata Power's Sinha

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Praveer Sinha, MD & CEO, Tata Power

Praveer Sinha, managing director and chief executive officer, Tata Power Ltd, continues to examine stressed assets for acquisitions. Edited excerpts:

Tell us about the signing of the 5-year power purchase agreement, which was unnecessarily delayed. What are the terms? Are the prices any better?

This extension is for the Trombay 3 unit, which is unit 5 of a 500-megawatt unit, unit 7, which is 180 mw gas-based and unit 8

which is 250 coal-based plant, besides the three hydro plants that we have. This extension is for five years on the same terms and conditions, which means that it is on a cost-plus system under Section 62, whereby whatever are the fixed costs, the variable costs becomes a pass-through—that's the model that has been going on for many years.

Isn't it normally longer than 5 years? It looks like an unusually short-term.

Earlier, this PPA (power purchase agreement) was for 25 years, which expired in March 2018, got extended by another year and now it is for five years. However, what Brihanmumbai Electric Supply and Transport (BEST) is also looking and what is important for the Mumbai city is that it needs embedded generation to ensure reliability of supply. So, what typically will happen is that unit 5, which is nearly 33 years old now, may be at the end of its life in another five years. The other units will, however, continue—unit 7, 8 and the hydro will continue because they are again very low-cost power, and provide

reliable power to Mumbai city. That will definitely continue at least for next 20 years. Unit 5 has another five years, or maybe one

more block of five years, but thereafter, it would be difficult to sustain its operations.

What is the pipeline for distribution leases looking like over the next 6-12 months? I think you bid for the same distribution lease that

CESC and Torrent Power bagged sometime back. Tell us what your own pipeline is looking like?

We have recently bid for India Power Corp. Ltd in Odisha, where there were just two bidders apart from us. Whenever the decision is there, because it considers both technical aspects and the financial aspects, we should be able to get that distribution licence. It's a public-private partnership with the Odisha government. So, it's something which is there on the table. We also expect that large-scale distribution exercise will go on. Rajasthan did very good

experimentation with 4 franchises a year before last and, with the new government in place, we expect that based on the good experience that they had and the savings that the state discoms accrued, they will go for some more cities like Jaipur, Jodhpur and Udaipur, besides some of the other larger cities in Rajasthan.

We also expect some of the states like Jharkhand and Uttar Pradesh to come up with franchisee opportunities or public private partnership (PPP) opportunities and we expect all this to pick up pace after the parliament elections.

So, there is huge appreciation that distribution reforms is very necessary and we can contribute because of our technology knowledge and the domain experience that we have in this space.

'We expect states like Jharkhand and Uttar Pradesh to come up with franchisee opportunities or public private partnership (PPP) opportunities.'

Maharashtra of course lent out M a l e g a o n which CESC bagged, is there anything that is eminent? What you are talking about Rajasthan are potential plans after the success at Ajmer, but any-

one has already built like Odisha?

There were only two bids Tata Power and IPCL.

Is there any other state or discom that has called for bids?

No one else but from what we understand that in Odisha after the Central Electricity Supply Utility of Odisha bid, the other three that is the western and northern and southern Discom which earlier was given to another private entity and was subsequently terminated three years back that will also come up for bidding.

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