Tata Power's UMPP fires huge mix of coals to reduce cost

Continued from Page 11

This led to wiping off all advantages that coal importers like the Adani and Tata groups thought that they could enjoy, and on the basis of which they had signed PPAs for their power projects in India.

With Tata Power already having signed PPAs (or price purchase agreements) with five states --Gujarat, Rajasthan, Maharashtra, Haryana and Punjab, the sudden increase in coal prices – for no fault of its own – made CGPL suffer losses. It wanted a hike in tariffs which purchaser-states refused to consider.

"This forced CGPL to work on several innovative strategies," says the official.

So it began experimenting with different varieties of coal to create a blend which would give it the calorific value needed to run a super critical thermal power plant as well as keep other costs down.

Today, it uses 12 million tonnes of this blend annually.

There were other ways to keep costs down, without sacrificing efficiencies. Instead of giving the plant construction to an EPC contractor, Tata Power decided to do all the EPC work itself, and contracted out specific parcels of work to different parties. It worked on innovative solutions which could further reduce costs. As a result, costs have been kept down, even while ensuring that the plant came up well before the schedule date.

Not surprisingly, CGPL has won awards for having the best project financing deal, and was awarded the Asia Pacific deal of 2008. It is listed as one of the three best infrastructure projects by KPMG in 2010 from among the top 100 in the world.

"Today, we generate 2.6% of the nation's power requirement," says Sharma. And even after the price increase is cleared by the courts, its end tariff will still be under Rs 3 a unit.