

Tata Power plans 1,600 MW extra capacity at Mundra

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Recently in Mundra, Gujarat
Tata Power Company Ltd, which runs the 4,000 MW ultra mega power project at Mundra in Gujarat, aims to add another 1,600 MW capacity to the power station.

The private power producer is exploring setting up two more units of 800 MW each, expanding the overall capacity of the project from 4,000 MW to 5,600 MW, said Krishna Kumar Sharma, Executive Director and Chief Executive Officer of Coastal Gujarat Power Ltd, the Tata Power company that runs the power station.

DIFFERENTIAL RATES

However, electricity generated from the new 1,600 MW capacity would be sold at different rates from the existing tariff. In 2006, the Tata Group firm had bagged the project through competitive bidding, quoting a levelised tariff of Rs 1.26 a unit for 25 years.

"These two units are not covered in any existing arrangement for pricing and thus can participate in any new case-I bidding with imported coal. The cost of gen-

POWERING AHEAD

- Company to add 1,600 MW at Mundra
- Tariff would be different from the current 4,000 MW
- Would require 36-40 months for commissioning after approvals
- Will be based on imported coal

eration will depend on the type of coal used and the capital costs once they are completed," Sharma said.

The new units will be based on imported coal and set up within the same 1,300 hectare area allocated to the mega power project.

Currently, there are five operational units of 800 MW each that sell electricity to Rajasthan, Gujarat, Punjab, Haryana and Maharashtra.

The new capacity would require 36-40 months for commissioning once all approvals are in place, the company said. In the present scenario, setting up a 1,600 MW may cost Rs

8,000-10,000 crore. "Appropriate funding will be arranged. We are reviewing all our options before we finalise the project. As regards land, we had kept provision for future expansion of two units in the layout," Sharma said.

FUNDING OPTIONS

Industry watchers say that the decision with regards to compensation tariff sought by Tata Power for electricity currently generated from the project is crucial for expansion.

"Coastal Gujarat's estimated revenue loss in running the power plant at current rates stands at approximately Rs 1,800 crore a year.

As of October 2012, the equity investment of the company has eroded by approximately Rs 3,000 crore," said Sharma.

The 4,000 MW project costs Rs 17,000 crore. Of this, Rs 4,250 crore is equity and the remaining are loans.

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This correspondent's visit to Mundra UMPP was sponsored by Tata Power.