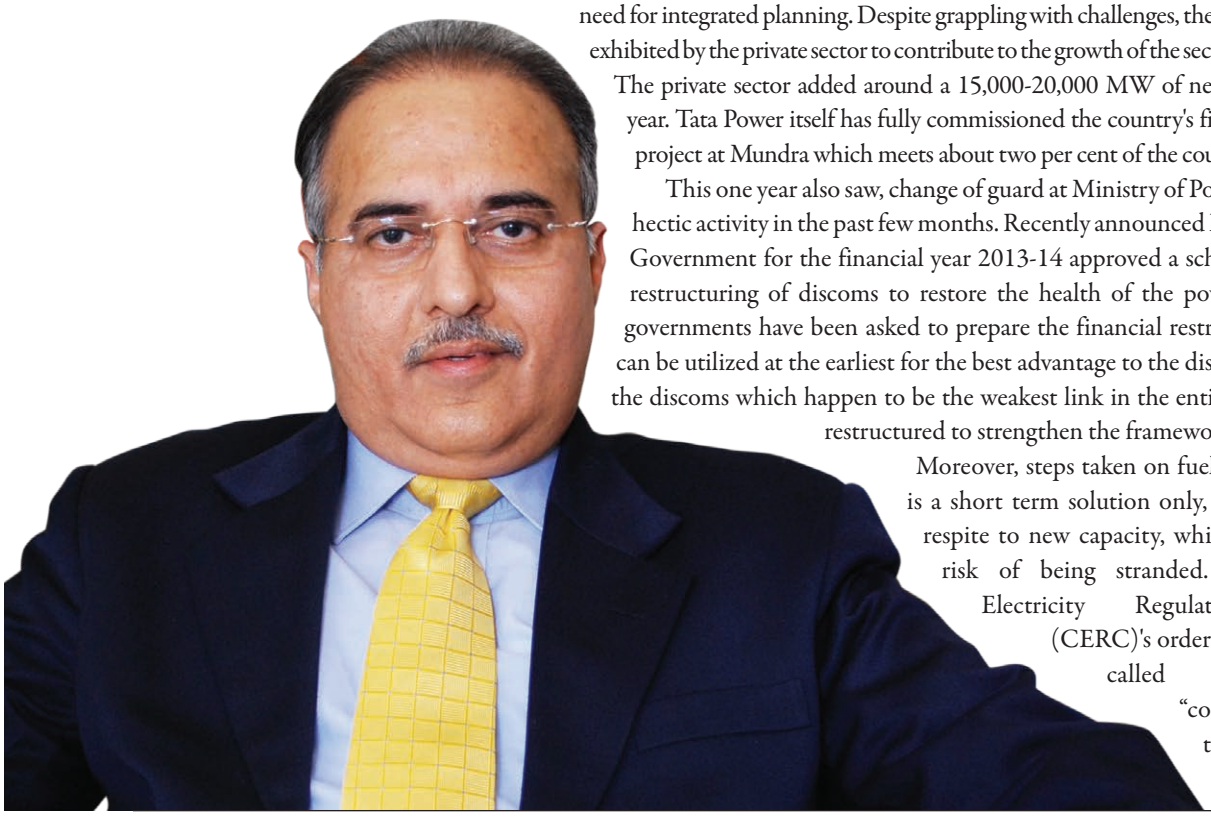
Mundra UMPP reflects Tata Power's commitment to the nation

The total generation from the Mundra UMPP has touched 12,440 MU's and going forward the plant is expected to contribute more than 26,000 Million kWh to the beneficiary states annually, says **ANIL SARDANA**, MD, Tata Power in an interaction with EPC World.



What is your assessment on the current Indian power sector and how effectual is Tata Power in nudging the power dilemma of the country?

The power sector has gone through a lot of turbulence in the year that passed by. There were clear indications of the sector struggling with a number of factors like fuel supply shortage, unprecedented hike of coal prices in the international coal markets and the dismal financial health of the distribution sector. The worst blackout in the country's history, which occurred in the month of July, was a good wake up call and highlighted the need for integrated planning. Despite grappling with challenges, the level of determination exhibited by the private sector to contribute to the growth of the sector needs appreciation.

The private sector added around a 15,000-20,000 MW of new capacity in the past year. Tata Power itself has fully commissioned the country's first 4000 MW UMPP project at Mundra which meets about two per cent of the country's energy needs.

This one year also saw, change of guard at Ministry of Power and we have seen hectic activity in the past few months. Recently announced Budget by the Central Government for the financial year 2013-14 approved a scheme for the financial restructuring of discoms to restore the health of the power sector. The state governments have been asked to prepare the financial restructuring plans which can be utilized at the earliest for the best advantage to the discoms. It is hoped that the discoms which happen to be the weakest link in the entire value chain will be restructured to strengthen the framework of the sector.

Moreover, steps taken on fuel price pooling which is a short term solution only, would provide some respite to new capacity, which otherwise has the risk of being stranded. Also the Central Electricity Regulatory Commission (CERC)'s order in April 2013, which called for a variable "compensatory tariff" till the fuel situation

stabilizes for an imported coal based plant, is a progressive step for the sector. This decision of the regulator was welcomed by the industry as many imported coal based projects were either stalled or were running losses due to high imported fuel costs. Similar policy framework is needed to address various issues plaguing the sector for quick resolution.

Can you brief us about the significance of the Mundra Ultra Mega Power Project especially when the country is facing a major power crunch?

Tata Power Mundra UMPP is India's first 4000 MW thermal power plant using supercritical technology. The plant is fully operational now and meets 2% of country's total power needs. The total generation from the plant till 31st March 2013 has touched 12440 MU's and going forward the plant is expected to contribute more than 26,000 Million kWh to the beneficiary states annually. Mundra UMPP supplies power to five states namely Gujarat, Rajasthan, Haryana, Punjab and Maharashtra in the country.

The project was completed in a record time of 1 year from the date of commissioning of the first 800 MW Unit in March 2012. The average gap between synchronization of two units has been 3.5 months, which is better than the baseline schedule of 4 months and is much better than the 5 months provided in original PPA. The 4000 MW Mundra UMPP heralds the entry of 800 MW supercritical boiler technology in India, which is environment friendly and efficient. This technology and the choice of unit sizes will help save fuel for the project and cut down the greenhouse gas emissions as compared to regular coal-fired power stations.

Does Mundra power project give some respite to the growing power demand?

Mundra UMPP is currently operating at its full capacity which is of 4000 MW with all five units of 800 MW each and it reflects the commitment of Tata Power to the nation. The units became functional ahead of their timeline and continued to provide electricity to the five procurer states despite the crunch faced by the company due to unprecedented rise in the fuel costs due to change in laws in the source countries. CGPL's UMPP at Mundra meets 2% of India's power demand and supplies electricity to five States of Gujarat and Maharashtra in Western India; and Haryana, Rajasthan and Punjab in the North. Not only are these amongst the most populous States of India, there is significant commercial and industrial activity that is undertaken. The economies of scale at Mundra UMPP provide consumers in these States not just with reliable power with minimum environmental impact but also competitive rate offering. However, early resolution of the economic viability of the plant is the need of the hour.

Can you throw some light on the boiler technology used in the project? And how environment friendly is the supercritical technology?

As compared to any other subcritical power plant in India, this project avoids burning 1.7 million tonnes of coal per year, thus averting carbon emissions of 3.6 million tonnes per year. It is expected that India will continue to be dependent on coal to meet its power requirements because of the limited availability and high prices of gas, hydro, and other renewable sources. Hence the need of the hour is to promote thermal power projects that have lower greenhouse gas emission and superior performance than the average in India, as a way to help the country to meet its large need for more electricity.

Tata Power was interrupted by the power tariff controversy? How difficult was it to tackle such situation when project like mundra was on full-swing?

One of the major challenges encountered is the unprecedented rise in imported fuel prices which is an issue of major concern for the power sector as a whole. The change in law in Indonesia led to a hike in imported coal tariffs of more than 130%, which has not only affected our Mundra project but all imported coal based projects. It is important to add that Tata Power had contracted coal from Indonesia on terms which were mirror of CGPL tariff for coal. However, since Indonesian Government has changed the export norms for coal from their country, Tata Power can't get imported coal based on contracted terms. Problem has got compounded as Australia and African countries have also had changes, which does not enable discounted coal prices possibility.

However, the Central Electricity Regulatory Commission (CERC)'s order in April 2013, which called for a variable "compensatory tariff" till the fuel situation stabilizes for imported coal based plants, is a progressive step for the sector. The Central Electricity Regulatory Commission (CERC) has notified CGPL of its decision for a compensatory tariff to be paid till the fuel situation stabilises. We welcome this positive development. The details of the proposed compensatory tariff will be finalized by a Committee to be set up as per CERC's direction.

This decision of the CERC is an important step in resolving the major impasse affecting imported coal based power projects in the country that got impacted due to extraneous factors well beyond the control of developers. CGPL, has been delivering the full potential of Mundra across the five beneficiary states albeit with tremendous fiscal pain. CGPL will continue to honour its commitment towards the nation's energy security by providing reliable and competitive power supply through the project and hope for quicker resolution of the issues. The issue of rise in cost of imported coal is not just related specifically to Mundra but all imported coal based project which exist and which would need to be developed from herein after.

What are the future challenges that the company anticipate due to the power tariff policy?

The compensatory package announced by the regulator is to take care of unprecedented coal price increase which is contemplated as a temporary situation for the power generators. It is pertinent to note that cost of fuel is market linked and volatile. It will change as per the market dynamics of demand and supply, primarily influenced by large thermal coal importing nations like Europe, China, India, etc. The solution offered is to take care of a situation that is considered to reset after sometime and a mechanism to offset the unprecedented cost of fuel. While bidding for the Mundra UMPP, efforts were made to ensure that the final cost of power to the consumers from this UMPP would be one of the most competitive in the country and accordingly Tata Power had contracted coal from Indonesia on terms which were mirror contracts of CGPL tariff for coal.

How important is Mundra power project for the overall operation of the company?

The 4000 MW Mundra UMPP is the first of the UMPPs that heralds the entry of 800 MW supercritical boiler technologies in India, which is environment friendly and efficient. The total power generation capacity of Tata Power currently stands at 8521 MW, reinforcing its position as the largest integrated power company in India. We are proud and privileged to contribute the "Monument of Technological & Project Management Excellence at Mundra" to the nation. The project completion within record time of one year from the commissioning of the first unit reinforces Tata Power's commitment to bridge the energy demand supply gap in India and reinforces our group's commitment of "A Promise is a Promise". The project management and operational expertise employed in executing the power project ahead of schedule with predictable, cost, quality and safety will now be continued in operating the plant in an effective and efficient manner. EPC World