

Power Pulse

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Agreements signed for 1900 MW capacity under Aggregated Power Procurement Scheme on Medium Term basis

Ministry of Power in April 2018 had issued Guidelines for a pilot scheme to facilitate aggregation of procurement of power (2500 MW for 03 years) from commissioned coal based power plants through competitive bidding. PFC Consulting Limited conducted the Bid Process for selection of capacity on DEEP e-bidding Portal from different projects. Subsequent to the bidding process **tariff was discovered as Rs. 4.24 per unit** and projects with aggregate capacity of 1900 MW were declared as the successful bidders.

The PPAs are expected to lessen the burden and would lead to efficient utilization of capacities of some of the coal based stressed power plants. This scheme endeavors to achieve a balance in allocation of risk-reward to the transacting parties. PFC Consulting acted as the Nodal Agency and PTC India Ltd. as aggregator.

The seven successful bidders are :

RKM Powergen (550 MW), Jhabua Power Ltd. (100 MW), MB Power Ltd. (175 MW), SKS Power (300 MW), Jindal India Thermal Power Ltd. (125 MW), IL&FS Energy (550 MW) and JP Nigrie (100 MW)-(with attached coal-mine).

Five states: *Telangana(550MW), Tamil Nadu (550 MW), West Bengal (200MW), Bihar (200 MW) and Haryana (400 MW) are the procuring discoms.*

2,500 MW of capacity was placed for bidding initially, 600MW of imported coal-based capacity backed out due to their inability to match the Rs. 4.24 per unit tariff. Imported coal prices have been at multi-year high (\$ 105 & above approx).

Likely Impact:

- Medium term PPAs are expected to provide some relief to the stressed power assets by lessening the burden and improving capacity utilization. But the move is unlikely to have to help banks in resolving these stressed assets as the 3-year PPA term seems insufficient.
- Availability of coal would be a key challenge for many of these plants who have do not have fuel supply agreements (FSA) in place. Even though buying coal auctioned under “SHAKTI” scheme is an option but the coal procured would come at a much higher premium.

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