

CENTRAL ELECTRICITY REGULATORY COMMISSION

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Press Release

CERC allows Ratnagiri Gas Power Project to sell 700 MW to Maharashtra from mid-November

1. The Central Electricity Regulatory Commission (CERC) today approved the proposal of Ratnagiri Gas Power Project Limited (RGPLL) to sell up to 700 MW power to Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) at a mutually agreed base price of Rs.5.01 per kWh for the period November 2006 to March 2007. The Commission gave its consent on hearing the plea of MSEDCL that Maharashtra would be facing a peaking shortage to the tune of 3000 MW in the coming months and MSEDCL was agreeable to purchase power at a base price of Rs.5.01 per unit.

2. The Commission was informed that the electricity from Ratnagiri Gas Power Project Limited would be produced with naphtha, since LNG was not available at present. The price of Rs.5.01 per kWh includes fuel charge of Rs.4.71 and incidental expenses of 30 paise. It was further informed that the fuel charge of Rs.4.71 was corresponding to present day naphtha price of 492 US dollar per ton. MSEDCL informed that they would approach the Maharashtra Electricity Regulatory Commission (MERC) for approval of terms & conditions of such purchase as required under the Law.

3. The Commission, while approving the sale price, directed as follows:
- Copy of tripartite agreement to be signed among RGPPL, MSEDCL and Indian Oil Corporation shall be furnished to the Commission immediately.
 - RGPPL shall make immediate arrangements for purchase of naphtha so that generation could be started by middle of November, 2006.
 - MSEDCL should refrain from undisciplined over-drawal from the grid so that grid stability is not endangered.
 - The matter would be heard in January, 2007 to review the position and to asses the possibility of generation beyond March, 2007, by which time LNG was likely to become available.

4. The case was earlier heard on 26th September, 2006 when the Commission had observed that since the proposal of RGPPL was a stop gap arrangement for sale of infirm power, it would be better for the generator and buyer to come to a mutually acceptable and reasonable rate considering energy charges, incidental charges and operating schedule.

S.K. Chatterjee
Assistant Secretary