

September 26, 2006

Press Release

CERC permits Ratnagiri Power Project to sell power to Maharashtra Discom

While hearing the petition of Ratnagiri Gas & Power Private Limited (RGPPL) today, for approval of one time tariff from October 2006 to March 2007, the Central Electricity Regulatory Commission (CERC) permitted RGPPL to enter into firm and clear agreement for sale of power to Maharashtra State Electricity Distribution Co. Ltd (MSEDCL) in case MSEDCL was agreeable to purchase power to be produced with naphtha as fuel. 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 interested in buying power from Ratnagiri Power Project produced with naphtha, since LNG is not available at present.

The Commission 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. The case has been listed for hearing again on 17th October 2006, but the Commission said that RGPPL was free to enter into agreement with prospective buyers and go ahead with procurement of naphtha and other preparations even before 17th October, 2006 so that power could be made available in time.

RGPPL is a joint venture of NTPC, GAIL, MSEB Holding Company, ICICI, IDBI, SBI and Canara Bank. The company has taken over the 2150 MW power project of Dabhol Power Company which was abandoned in June, 2001.

During the hearing, RGPPL mentioned that the normal fuel, namely, LNG has not yet been tied up so far to enable the plant to be declared in commercial operation, although one power block of 740 MW is technically in a position to generate electricity. In the meanwhile, the company has proposed to operate the power block of 740 MW on naphtha during October, 2006 to March, 2007 in order to meet the urgent need of Maharashtra. It was informed during the hearing that the naphtha price had come down and the energy cost would be of the order to Rs. 4.80 per unit. The incidental charges could be of the order of 87 paise per unit. MSEDCL have indicated that a price of about Rs. 5.50 per unit would be acceptable to them. The Commission observed that for this type of short term arrangement for sale of infirm power, a mutually agreed reasonable rate between the parties would be acceptable.

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Assistant Secretary