

Government to auction PPAs to revive 10,000 MW of stressed power plants

By

*Sarita C Singh*

New Delhi: The government expects to put 10,000 MW of stressed power assets on track through auctions, starting with 5,000 MW of power purchase contracts to be offered in the next 15 days. Tenders for procurement of 2,500 MW agreements for three years were issued on Thursday.

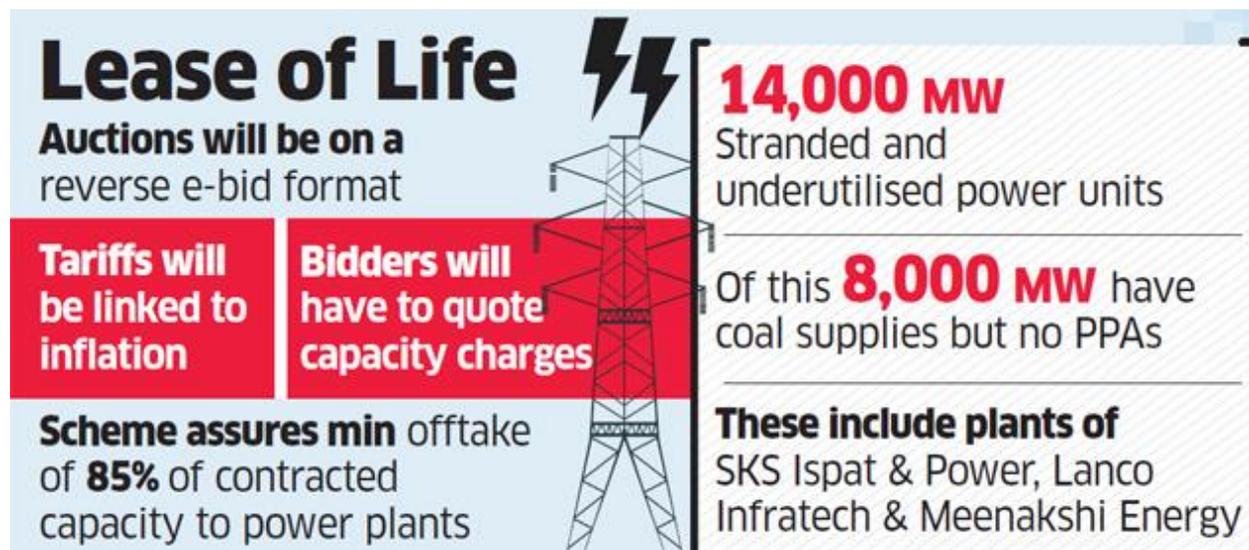
“Auction for another round of the same size with attached coal supplies is likely to be kicked off in the next 15 days,” a government official said.

The auctions kick-started on Thursday will be in a reverse e-bid format under which the power producers will have to lower tariffs in the online process. The tariffs will be linked to inflation, unlike the last round where these were fixed for three years.

The reverse e-bid auction for PPAs is in a different format than the previous auctions conducted by the power ministry in April last year. In the previous tenders, the bidders had to match the lowest quoted price to bag contracts.

Also, the bidders will quote capacity charges this time and the scheme assures minimum offtake of 85% of contracted capacity to the power plants

In the last round, the fixed cost was kept at 1 paisa per unit with minimum offtake guarantee of 55%. “The nodal agency will hold pre-bid conference shortly and the last date for bid document submission and other timelines will be announced shortly. Both the schemes should help at least 8,000-10,000 MW of stressed capacity. We expect the reverse e-auctions to fetch low tariffs,” the official said.



There are about 14,000 MW stranded and underutilised power units, of which close to 8,000 MW have coal supplies but no power purchase agreements. These include plants of companies like SKS Ispat & Power, Lanco InfratechNSE -14.29 % and Meenakshi Energy

PFC Consulting Limited has been appointed as the nodal agency for the bidding, while PTC IndiaNSE -2.05 % Limited will act as the aggregator. PTC India will sign a three-year agreement for procurement of power with successful bidders and power supply agreement with state distribution companies.

Recent tenders by discoms seeking short-term power supply have received high bids as generators expect coal shortage, higher demand for electricity from states during summer and the election. Bids floated by state utilities of Chhattisgarh and Uttar Pradesh for supply in May—June received bids as high as Rs 5-6.5 per unit.

The government had in April last year kicked off a pilot scheme for procurement of aggregate power of 2,500 MW on competitive basis for three years from commissioned projects without PPAs.

Seven plants won 1,900 MW power contracts in the pilot round. These include RKM Powergen, Jhabua Power Ltd, MB Power Ltd, SKS Power, Jindal India Thermal Power Ltd, IL&FS Energy and JP Nigrie.