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## **TATA Power to snap supply to Reliance Infrastructure**

*Sunday, 28 Jun, 2009*

BS reported that TATA Power Company, which supplies 500 MW of power to the Anil Dhirubhai Ambani group company Reliance Infrastructure's distribution area in Mumbai has decided to discontinue the supply from April 1st 2010.

Sources said TPC today officially wrote a letter on the issue to R-Infra, informing that it would support the ADA group company till March 2010 in the interest of Mumbai's consumers and help R-Infra find alternative arrangements.

While a TATA Power spokesperson declined to comment, an R-Infra spokesperson expressed surprise over the decision.

Spokesperson said "We had been engaged with TPC for discussions on entering into a power purchase agreement for the past one year. But they were simply delaying the signing of the agreement, citing one or the other reason, instead of saying a firm yes or no.

The SC in its judgment on May 6th said that R-Infra has no legal right to insist on a power supply from TATA Power's generation facilities, as there were no PPAs between the 2 parties. The court also ruled that TATA Power cannot be compelled by the regulatory authorities to supply electricity to other distribution licensees and such supplies should be based only on consensual PPAs.

Citing the reasons for denying power to R-Infra, sources close to TATA Power said it has a commitment to supply 800 Mw to the BrihanMumbai Electric Supply and Transport and 477 MW to its own distribution system, which is expected to grow significantly in future. Hence, it has to make arrangements for sourcing power in the near future. Besides, a SC judgment in July 2008, had vindicated its position that TATA Power has the license to supply to all consumers in Mumbai falling within its licensed area.

Sources said more than these reasons, it is the growing business rivalry and disputes between the two power companies belonging to 2 of the largest corporate houses in the country that culminated in the severing of business relations. Both companies were engaged in many legal battles in the past on various issues, such as payment for energy charges, payment commitment, standby arrangements for power supply provided by TATA Power and disputes on license area, among others.

Currently, R-Infra had objected to the PPAs signed between BEST and TATA Power for distribution. In a much publicized recent legal war between the ADA group company Reliance Power and TATA Power on coal availability for the Sasan Ultra Mega Power Project, the SC had ruled in favor of Reliance Power.

(Sourced from Business Standard)

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