
JV agreement on Tipaimukh power project likely in March

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BS reported that a JV agreement between state owned hydro power producers National Hydro Power Corporation Limited and Satluj Jal Vidyut Nigam Limited and the government of Manipur to develop the INR 8,138 crore Tipaimukh power project in the north eastern state is likely to be signed by the end of the current financial year, ending March 2010.

A senior official from SJVN said that "The Manipur government has called a meeting of representatives from NHPC and SJVN on February 8th 2010 to discuss the terms of agreement of the 1,500 MW project. The JV will be signed shortly after that. It will definitely happen by the end of this financial year."

In July 2009, the power ministry had asked the three entities to form a JV for developing the project. NHPC would hold a majority 69% stake in the project, while SJVN would take up another 26%. The remaining 5% would go in favor of the Manipur government.

The project was initially awarded to the state owned utility North Eastern Electric Power Corporation Limited. The company had, however, expressed its inability to take up the project citing lack of budgetary support.

With the Tipaimukh project out of its shelf, NEEPCO's capacity addition target came down to 3,000 MW from 4,500 MW earlier being planned by the end of March 2017. NEEPCO has a current installed power generation capacity of 1,130 MW.

The SJVN official said that "The detailed project report has already been prepared. Environmental clearances will be obtained now."

SJVN is confident about raising equity for the restructured plant. The state run utility will invest in the project from its internal resources. The company, which claims it has a cash surplus of INR 1,200 crore, is the next state run power company in line after NHPC for getting listed through a public issue, likely to be announced in the next financial year. Of the free power available from the Tipaimukh project, 11% would go to Manipur, while 1% would be shared between Manipur and Mizoram since parts of the project will also be in Mizoram.

The remaining power will be sold to different states on a long term basis through power purchase agreements. According to sources, the levelised tariff for sale of power from the project, which is around INR 4 per unit, could go up by 40 to 50 paise due to the complex nature of the project.

The cost of the project is likely to be escalated by at least INR 1,000 crore owing to additional investment required for security and transport infrastructure to be developed. The additional funding would come directly from the central government as grant. The Union home ministry has already approved an outlay of Rs 300 crore on the project's security, and also okayed INR 203 crore for the construction of a highway. The remaining funds would go into building flood control infrastructure.

(Sourced from www.business-standard.com)

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