
GMR picks Shangdong as EPC contractor for Kamalanga project

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BL reported that GMR group has picked China's Shangdong Electric Power Corporation as engineering procurement and construction contractor for the 1050 MW Kamalanga Thermal Power project in Orissa.

The project has a power purchase agreement for only 25% of the capacity with the Orissa's distribution companies. The remaining generation was to be sold on a spot basis. GMR's Kamalanga project is a merchant power station. The project is now expected to go into financial closure by July 2008 and generation from the project is expected to begin in 2010.

The sources said that discussions were still underway with SEPCO for accelerating the equipment supply. For SEPCO this is the second major order from domestic independent power producers. In August 2007, SEPCO had signed with BALCO for implementing a 1200 MW project.

The Kamalanga project is expected to be the first merchant power station to go into financial closure. The project cost is estimated at INR 4200 crore at current exchange rates.

The project is expected to have a debt component of at least 70% and equity of 30%. Although China has the option of providing suppliers credit to equipment buyers, GMR has opted for raising the entire project financing on its own, through domestic and international banks.

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