

INTERVIEWS

POWER LINE

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Interview with Ravi Arya, President, Thermal

What is HPPPL's current operational capacity and how has its recent performance been?

The 600 MW Unit 1 of the 1,200 MW Phase I Anuppur project is already operational and the second unit of 600 MW is expected to be commissioned soon. Despite this being our first project, we have not encountered any significant issues in the operation of Unit 1 and its performance has been exemplary so far.

Could you give us details of the offtake arrangements, fuel supply, technology features, etc. of the company's operational capacity?

The Anuppur project has the advantage without us having to set up any dedicated connectivity transmission lines. This seamless integration with the grid not only enhances reliability in terms of power evacuation for our beneficiaries but also minimises transmission losses. On the fuel side, we have a firm coal linkage from South Eastern Coalfields Limited (SECL), which insulates us from the risks associated with the recent coal block cancellations. The SECL coal mines are located in close proximity of the project (around 250 km), which helps in optimising overall fuel costs.

Which are the other upcoming thermal projects and what are the expected investments?

After the commissioning of the 1,200 MW Phase I at Anuppur, we expect to take up the construction of Phase II, which has a capacity of 1,320 MW. We also have a capacity of 1,320 MW in Chhattisgarh, currently in the development phase.

What is their current status in terms of proposed commissioning timelines, equipment supply, fuel tie-ups, land acquisition, environmental clearances, etc.?

We have acquired most of the land necessary for both the Anuppur project expansion and the Chhattisgarh project. The terms of reference for environmental clearances for both projects have also been issued by the Ministry of Environment, Forests and Climate Change. We understand that the government will shortly be notifying a fresh coal linkage policy for new thermal projects. Once we secure firm coal linkages, we plan to take up development and construction activities on a fast-track basis.

Has power supply commenced under the power purchase agreements (PPAs) signed for the operational capacity? Has the company faced any challenges on this front?

Given the current challenging scenario, our Anuppur project is among the very few thermal projects to be set up in recent years that have their entire operational capacity tied up under long-term PPAs. Unit 1 of the Anuppur project is supplying power through long-term PPAs with Madhya Pradesh and Uttar Pradesh. As a matter of fact, out of the PPAs signed by Uttar Pradesh in 2013-14, with four IPPs, for an aggregate capacity of 2,175 MW, our project was the first to commence supply to the state for the entire PPA capacity of 361 MW from August 2015.

What are the company's key concerns and how does it plan to address these?

Our key concern relates to Coal India Limited's (CIL) almost flat production growth vis-à-vis the aggressive generation capacity addition over the past four to five years. There have been serious concerns among power developers and investors regarding coal supplies from CIL against firm linkages on a long-term basis. While capacity addition and fuel supply-related concerns have been partially addressed, the government needs to focus on the growing inefficiencies of the state discoms and attempt to improve their financial health. There is a need to create better research and development infrastructure and increase the focus on the augmentation of the transmission and sub transmission infrastructure.

What is the company's outlook for the power sector for the next few years?

The government aims to provide 24x7 electricity for residential, industrial, commercial and agricultural purposes. However, in order to meet this ambitious target, ground-level action needs to be expedited. The past couple of years have not witnessed any new investments in the conventional power generation segment. This may have a

serious impact on the economy in the medium to long term, especially once the new investments fructify in other sectors, as is being envisaged at the centre.