

Raghunathpur JV delay weighs heavy on DVC

TIMES NEWS NETWORK

Kolkata: Public sector power major Damodar Valley Corporation (DVC) continues to make losses as its proposed joint venture (JV) with Neyveli Lignite Corporation Ltd (NLCL) for Raghunathpur power project in Purulia is yet to take off. DVC had a provisional loss of Rs 1,000 crore in 2016-17 on a turnover of Rs 14,900 crore and the majority of it happened owing to a huge debt burden of its Raghunathpur project, said a top official of the ailing PSU.

The West Bengal government hasn't given its nod to this proposed JV where Chennai-based Navratna public sector undertaking would hold 74% stake and the remaining 24% would be with DVC. DVC chairman Andrew W K Langstieh on Thursday said the Centre and the Jharkhand government have already given a green signal to this JV six months back. The Mamata Banerjee government is a stakeholder in DVC with 33% share.

Langstieh was interacting with the members of the MCCI Chamber of Commerce here. The DVC chairman said out of Rs 1,000 crore, Rs 800 crore loss was incurred directly because of the logjam in its Raghunathpur project. DVC has a huge debt burden of Rs 8,000 crore owing to Raghunathpur though the public sector power utility does not possess any power purchase agreement for the entire capacity of Raghunathpur Phase I.

The Phase I of the Raghunathpur plant of 1,200 MW was scheduled for commissioning in 2010 but even after a delay of nearly six years and a revised cost estimate of Rs 8,000 crore, the utility continues to suffer from issues like inadequate PPA (power purchase agreement) and high interest outgo. "We are in talks with the West Bengal government for its



DVC chairman Andrew W K Langstieh (L) and MCCI VP Vishal Jhajharia in city on Thursday

nod for the JV and hopefully, we shall get it soon," he said.

Both the Centre and the Jharkhand gave their respective clearances for the JV around six months back. The DVC chairman said DVC has a PPA of 450 MW for Raghunathpur though the capacity is 1,200 MW. The 650MW PPA with NLCL will help the Raghunathpur plant utilize the rest of the capacity. Currently, DVC has an excess capacity of 1,700 MW without Raghunathpur. He argued that NLCL-DVC deal for Raghunathpur is a win-win situation for both of them though the second largest power CPSU is likely to suffer some haircut in the deal.

Commenting on the financial stress of DVC, Langstieh added that there is a ray of hope as Jharkhand has agreed to pay the accumulated dues in six instalments. The Jharkhand government has settled Rs 4,700 crore due with DVC through the Central government's UDAY scheme unveiled in early 2016. But after that dues started accumulating again. DVC take a haircut of Rs 400 crore in the UDAY settlement as well. "Currently, Jharkhand, too, has a due of Rs 1,600 crore but this time, we are optimistic," he added.

Capacity headache for DVC

ASTAFFREPORTER

Calcutta, May 11: Power utility Damodar Valley Corporation (DVC) is saddled with a surplus capacity of 1,900 megawatt (MW) and is looking at ways to reduce it and improve efficiency and profit.

DVC's total thermal power generation capacity is 7,640MW, spread across Bengal and Jharkhand. Its hydroelectric capacity, located in Jharkhand, is 147.2MW.

DVC's chairman Andrew W.K. Langstieh today said while the power utility has focussed on adding capacity over the past few years, there was a lapse in tying up with consumers through power purchase agreements, leaving the company with unused capacity.

Surplus capacity along with low demand for power means the plant load factor, a measure of efficiency of thermal power plants, remained low at 52.14 per cent in 2016-17.

Despite prudent debt servicing measures, high interest burden (around Rs 800 crore) arising out of the Raghunathpur thermal power plant in Bengal's Purulia district and provisions for wage revision left DVC with a loss of Rs 1,000 crore for the financial year ended March 31, 2017.

"DVC is not yet out of the woods, despite improving generation and revenue and bringing down losses. The power market today is tough. But we are looking to reach out to new consumers as well as sell more through power exchanges," Langstieh said at an event of the Merchants' Chamber of Commerce and

POWER PANGS

(DVC capacity figures in MW; loss in Rs crore)

7640 Thermal power capacity

147.2 Hydroelectric capacity

1900 Surplus capacity

1000 Loss in 2016-17



Industry

Moreover, improved coal quality and supply will help DVC to offer power at competitive rates and acquire new consumers.

"Both the supply situation and the coal quality (sourced from Coal India) has improved. This means DVC plants will require less coal to generate power which will help tariffs to be competitive," said Langstieh.

He added that DVC has selected the mine developer and operator for the Khagra Joydev coal block in Bengal and is seeking another operator for the Tubed coal block in Jharkhand.

The captive blocks secured through the allocation route will supplement the company's coal requirement in the coming years.

The company is expected to benefit financially once it is able to divest the Raghunathpur power plant to Neyveli Lignite Corporation.