

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:4157
ANSWERED ON:10.04.2003
POWER GENERATION
GANGASANDRA SIDDAPPA BASAVARAJ

Will the Minister of POWER be pleased to state:

- (a) whether despite large number of projects cleared in the private sector since 1992, there has not been significant addition to the power generation in the country;
- (b) if so, the reasons therefor;
- (c) whether any time frame has been given while clearing the proposals to commence production of power;
- (d) if so, the details thereof; and
- (e) the total number of power projects cleared (Thermal as well Hydro) as on date in private sector?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) : Yes, Sir.

(b) : Though a number of power projects have been envisaged for development through the private sector, the majority of the projects have been unable to achieve financial closure in spite of progressing well on other fronts. The foremost problem due to which many projects have been unable to achieve financial closure has been the poor financial health of the SEBs, who do not have the financial capability to support the projects in terms of regular reimbursement of bills, opening of letters of credit and escrow accounts. Other reasons, which are generally project specific, include the following :-

- i. Delay in finalization of various contracts such as Power Purchase Agreement, Fuel Supply Agreement and Fuel Transportation Agreement etc.
- ii. Court cases in the form of Public Interest Petitions etc.
- iii. Increase in the prices of liquid fuels, particularly naphtha, which has made these States reluctant to pursue naphtha based generation.
- iv. Withdrawal by equity holders and EPC contractors.

(c) : Yes, Sir.

(d) : In the Techno-Economic Clearance (TEC) being accorded by Central Electricity Authority (CEA) to the private sector power projects, a time schedule for unit- wise commissioning of the projects is indicated in number of months from the date of financial closure.

(e) : Till date, 61 private sector power projects (including 52 thermal and 9 hydro) have been accorded TEC by CEA.