

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

STARRED QUESTION NO:70  
ANSWERED ON:22.02.2006  
SETTING UP OF ULTRA MEGA POWER PLANTS  
Nayak Shri Ananta;Rawat Shri Ashok Kumar

**Will the Minister of POWER be pleased to state:**

- (a) whether the Government proposes to set up Ultra Mega Power Plants by 2012;
- (b) if so, the details thereof and the reasons therefor;
- (c) the States in which such plants are likely to be set up;
- (d) the estimated cost of the said plants and the per unit cost of power likely to be generated by them;
- (e) the total power in megawatts likely to be distributed to the States; and
- (f) the steps taken to expedite the setting up of such plants and the time by which these are likely to be commissioned?

**Answer**

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) to (f) : A Statement is laid on the Table of the House.

STATEMENT

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF STARRED QUESTION NO. 70 TO BE ANSWERED IN THE LOK SABHA ON 22.02.2006 REGARDING SETTING UP OF ULTRA MEGA POWER PLANTS.

(a) : Yes, Sir. The Government has taken an initiative for facilitating the Development of five Ultra Mega Power Projects of 4000 MW capacity each under tariff based competitive bidding route.

(b) : Reasons for proposing ultra mega projects are as follows:

(i) The National Electricity Policy envisages that energy and peaking shortages are to be overcome by 2012. Large size projects being envisaged under this initiative would help in creation of required capacities to meet this objective.

(ii) The Electricity Tariff Policy stipulates that all future requirement of power needs to be procured competitively. The ultra mega projects are expected to be the first few to come up through tariff based competitive bidding route and thus would encourage States to take up smaller projects as well through this route.

(iii) The tariff from large size generation projects would have benefits of economies of scale and thus the cost of electricity generated from these projects is expected to be lower.

(iv) With mitigation of all possible risks relating to tie up of land, fuel, water and other statutory clearances, the expected competition in the tariff based bidding would result in low tariff of electricity from these projects.

(c) : Madhya Pradesh, Gujarat, Chhattisgarh, Karnataka and Maharashtra are the States in which an ultra mega project each is envisaged to be set up in the first phase.

(d) : On the basis of thumb rule, estimated cost of each plant is likely to be of the order of Rs.15,000 crore. However, the project developer for each project is to be selected on the basis of tariff based competitive bidding and the per unit cost of power generation by these projects would be outcome of such bidding process.

(e) : The total proposed power to be generated from each ultra mega power project is 4000 MW. The quantum of power to be supplied to the beneficiary states from the ultra mega projects is dependent upon the results of consultations with respective States.

(f) : The Government has already completed the first round of discussions with concerned States. Meetings were held with leading financial institutes and leading developers for identification of risk factors with a view to simultaneously get them removed. Power Finance Corporation has been entrusted with the work relating to formation of Shell companies which are envisaged to carry out developmental activities including tie up of various inputs/clearances before handing over the project to the final developers. The names of the shell companies have already been registered and Chief Executives of the shell companies are already in place and have initiated the action of appointment of consultants for preparation of project report and Environment Impact Assessment Studies etc. The expression of interest in respect of Mundra project, Gujarat and Sasan project, Madhya Pradesh has already been published in the newspaper.