

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:1866

ANSWERED ON:08.03.2006

DABHOL POWER PROJECT

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Will the Minister of POWER be pleased to state:

(a) whether Dabhol Power Project of Maharashtra is likely to commence power generation from October, 2006 with the use of Naphtha as fuel;

(b) if so, the facts in this regard;

(c) the cost of power likely to be generated after the commencement of the project; and

(d) the proposed cost of power generation at the time of closure of the said project?

Answer

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) & (b) : Out of the three power blocks of total capacity 2150 MW, the first power block of capacity of about 740 MW is expected to be ready for generation by May, 2006 and the other two power blocks by November, 2006. Actual commissioning of all the three blocks would depend upon availability of the main fuel i.e. Liquefied Natural Gas (LNG).

However, since the LNG terminal is likely to become operational only by December, 2006, in the interim period, Naphtha could be used as fuel. Since Maharashtra is facing acute power shortages particularly during peak hours, and since Ratnagiri Gas & Power Private Ltd. (RGPPL) already has a stock of 34,000 KL of Naphtha, the stocks of naphtha available could be suitably augmented through fresh purchases to the extent that the pooled price is acceptable to Maharashtra.

(c) : The cost of generation would be dependent upon the purchase price of LNG which would be on best endeavor basis. The cost of generation using Naphtha in the interim, in case acceptable to Maharashtra, would be dependent upon the extent to which existing stock of Naphtha is augmented through fresh purchase of Naphtha. Further, the power tariff would be determined by the appropriate Regulatory Commission.

(d) : The cost of generation from the erstwhile Dabhol Power Plant at the time of its shut down in May, 2001 was Rs. 8.75/kwh which was mainly on account of the following:

1) There was a rise in Naphtha price which increased the variable cost of power.

2) There was an adverse impact of Exchange Rate fluctuation on the fixed cost of power.

3) Maharashtra Electricity Regulatory Commission (MERC) vide its order dated 05.05.2000 directed that the costlier power from Dabhol Power Plant should be purchased at last, as per the merit order dispatch. Hence, Dabhol Power Plant operated at much lower sub optimal capacity, thereby driving up the per unit cost of power.