

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:2787
ANSWERED ON:30.03.2012
POWER PROJECTS
Tanwar Shri Ashok

Will the Minister of POWER be pleased to state:

- (a) whether various power projects in the country being constructed are facing the risk of default;
- (b) if so, the details thereof; and
- (c) the corrective measures being taken or proposed to be taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI K.C. VENUGOPAL)

(a) : Yes, Madam, power projects may face risks due to problems of fuel supply and absence of long term Power Purchase Agreement (PPA) with distribution companies.

(b) : The following risks may be encountered by the developers:-

Fuel Supply Agreement (FSA).

Back to Back Power Purchase Agreement (PPA) with distribution companies.

Poor financial health of Power Purchase Company.

In case of Hydro Projects, Rehabilitation & Resettlement (R&R) issues, Land acquisition & geological conditions are also critical.

However, these issues are being addressed by Ministry of Power.

As on date following three projects have defaulted in their dues to Rural Electrification Corporation Ltd. and Power Finance Corporation Ltd.:-

(i) 445 MW gas based Konaseema Power Project.

(ii) 400 MW Shri Maheshwar HEP.

(iii) East Coast Energy Pvt. Ltd.

(c) : REC and PFC are incorporating following as Pre- disbursement conditions (other than developers having captive mines):

Execution of definite Fuel Supply Agreement.

Execution of back to back Power Purchase Agreement for 70% of power with suitable payment security mechanism.

Possession of critical land for Plant.