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REL arm wins bid for Rs 2k-cr western transmission lines

IN THE first competitive tariff-based international bidding in India's transmission sector, Reliance Energy Transmission (RETL), a subsidiary of the Anil Ambani-controlled Reliance Energy (REL), has outbid domestic and global majors for setting up Rs 1,800-2,000 crore fully-independent private power transmission lines in Maharashtra and Gujarat.

Seven consortiums including Tata Power (TPC), GMR, Gammon India and Larsen and Toubro (L&T) were in the race, but REL quoted the lowest price for the two tenders invited by Power Grid Corporation of India (PGCIL), said sources.

According to Central Electricity Regulatory Commission (CERC), RETL has emerged as the lowest bidder in each of the packages, B and C, for which separate price bids were invited by PGCIL.

Package B is for building sub-stations and grid lines in southern Maharashtra at Rs 1,100-1,200 crore and package C entails setting up grid lines in Gujarat at an investment of Rs 500-600 crore. After the completion, the project will be handed over to the Central Transmission Utility for operations.

Foreign players such as China Light and Power (CLP), Spanish companies Inabensa-Abengoa, CYMI and ISOLux, were also in the fray. Mumbai-based Kalpataru Transmission was the consortium partner of TPC. CLP and KEC International were bidding with Gammon India and GMR, respectively. Deepak Cables-Lanco consortium was also in the race for the two projects. "The capex for the project will be around Rs 1,800-2,000 crore, and the rate of return on the project is fixed at 14%. Attractions of the project include the constant flow of revenues from the project with minimum risk," said industry sources.

These two projects are part of the Rs 5,000-crore western region transmission strengthening projects, which spreads over 3,000 circuit kilometers of 400 kv line capacity. The project is expected to be ready by '10. The bids were called on a build, own, operate and transfer basis. The successful bidder shall be an independent power transmission company, which shall own a 100% equity along with its associates and affiliates.

The project ran into dispute last year after REL approached CERC for a licence to set up the lines on its own. PGCIL had already formed joint ventures to build some of the grid lines.

As of now, the only joint venture project in transmission by Indian companies is Tala hydroelectric project in Bhutan, which is operated jointly by PGCIL and TPCL.

Policy glitches delay bidding for Sasan, Mundra projects

NEW DELHI: Changes in ground rules have led to delay in the second round of bidding for the Sasan and Mundra ultra mega power projects. The second round of bidding - the last date for submission request for proposal - has now been postponed from November 22 to December 7, reports Urmi A Goswami. The second round of bidding for the 4,000mw Sasan ultra mega power project had to be delayed after the ministry of coal revised royalty rates for coal. The royalty rate for coal would have a direct bearing on the proposals submitted. Therefore, the ministry of power decided to extend the last date for submission to allow qualified bidders to work out their proposal. The case with Mundra is similar. The Gujarat government was to work out the port charges, that is the charge per tonne of coal that the developer of the Mundra ultra mega power plant would have to pay the Mundra port authority. Once again, the rate of charges would have a direct bearing on the proposal submitted by the bidders. Hence, it was decided to postpone the second round to December 7. A power ministry official said: "Despite the delay in the second round of bidding, the final award of the Sasan and Mundra ultra mega power project is on track." The two projects will be awarded by the end of December. The selection for the two projects, to be executed on the build-own-operate' (BOO) basis, is expected to be completed by December with the roll-out slated for '12. In all, 11 firms, including Adani Exports, CLP Power and Sumitomo Corporation, have qualified as bidders for the second round of bidding for the Sasan project, while 13 companies have successfully qualified for the Mundra project. Reliance Energy, Tata Power, NTPC, L&T, Essar Power and Jindal Steel and Power are among the bidders.