

Hindu Business Line

New players plan high-voltage entry into power generation

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Moser Baer, Action Shoes, Deviseafoods among the entrants

Anil Sasi

New Delhi, Aug. 15

The power sector is spawning a new breed of private project developers, most of them with little or no prior experience in electricity generation.

The promoters of Action Shoes, compact disc and solar player Moser Baer, polyester-maker Indo Rama Synthetics, Maharashtra-based alcohol firm Pioneer Distilleries Ltd, and shrimp exporter Deviseafoods Ltd, are among those working on plans to enter the commercial power generation segment.

Most of them are looking at thermal projects of 100 MW and above in capacity, eyeing mainly the short-term merchant power market with the hope that the venture would generate a separate revenue stream distinct from

their respective core businesses.

The prospect of fuel from the Krishna-Godavari Basin is further creating interest in gas-based generation, especially among prospective developers. Engineering procurement and construction (EPC) firm SEW Infrastructure Ltd and Andhra Pradesh-based Agrigold Projects Ltd, are among those in the fray for gas allocation.

While promoters are queuing up to inject money into large-sized projects, most do not plan to actually get into the daily operations of the projects and instead, outsource the task. Evonik Energy Services India, a wholly-owned subsidiary of German firm Evonik Energy Services GmbH, is one such that has been approached by the new entrants.

"We have been ap-

Power plans

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Gas from KG basin is creating interest in gas-based projects
Some players plan to outsource daily operations of the projects

proached by a shoe manufacturer, a jute exporter," Evonik India's Managing Director, Dr J.T. Verghese, said.

PROJECT SIZE

The size of projects being planned is also fairly big, considering that the experience of most of these new players is, at best, limited to running only small-sized captive units.

For instance, Action Ispat

and Power, the firm promoted by the owners of the Action Shoes brand, is planning a 500-MW gas-based green-field project.

Deviseafoods Ltd is looking to set up a 100-MW gas-based project, while the steel and tea estates player, Bagaria Group-owned AHW Steel, has sought fuel allocation for a 200-MW gas project.

Moser Baer is working on plans for a 1,000-MW coal-fired project in Chhattisgarh and a 500 MW gas-based project in Madhya Pradesh, for which it has sought a fuel allocation of 2.4 million standard cubic metres a day. It is also working on two hydro power projects of 90 MW and 320 MW in Himachal Pradesh.

"Realising the potential of the opportunity in the electricity sector and our exper-

tise in solar business, it was but natural for us to enter into other energy sectors... We expect this to play a significant role in developing our base in other forms of energy and emerge as a major player in energy sector over next few years," a Moser Baer spokesperson, said.

According to a Central Electricity Authority (CEA) official, the encouraging factor is that most of these projects are coming up even though they do not have the comfort of having tied-up future electricity sales through firm PPAs (power purchase agreements).

"The rapid development of the short-term power market — sales through the two operational Power Exchanges and through electricity traders — is prompting new private players to get into the sector," the official said.