

BGR and Kalinga Energy shelve thermal projects

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Thermal power projects are gradually losing traction in Odisha with a clutch of developers deciding to shelve their plans. After Tata Power, BGR Energy Systems Ltd and Kalinga Energy and Power have communicated their intent to scrap their proposed coal-fired projects in the state.

Chennai-based BGR Energy Systems had proposed to set up a 1,320 Mw coal-based power station at Bhapur in Nayagarh district, committing an investment of ₹6,287.93 crore. Kalinga Energy & Power Ltd, an Odisha-based developer, had sought to develop a 1,000 Mw power project at a cost of ₹4,261.27 crore. It

signed a memorandum of understanding (MoU) with the state government in February 2009.

“Both BGR Energy and Kalinga Energy have written to the state government with an intent to shelve their projects. Without coal block or firm linkages, thermal power producers are finding it tough to commission their projects. Also, the scenario is shifting in favour of renewable power with tariffs getting more competitive,” said a state government official.

On its own, the state government has not renewed the lapsed pacts of Essar Power and Vijay Ferro Power over their lack of interest to implement projects.

Walking away of thermal producers from their projects

has posed a threat to Odisha’s potential to emerge as a thermal power hub. Weak power demand, lack of coal block or firm linkages, delay in land acquisition and difficulty in raising credit has prompted the promoters to draw back their plans. Between 2000 and 2014, Odisha signed MoUs with 30 IPPs with a total generation capacity of 37,000 Mw. The state government went on a MoU signing spree to secure long-term power security.

Though Odisha was already a power surplus state, the idea behind chasing coal-based power projects was to get power at competitive rates from the Independent Power Producers (IPPs) and sell excess power through its trading agency Gridco.