

NTPC takes equity stake in 2 Bihar power projects

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India's largest thermal power generator NTPC Limited announced equity acquisition of two state-owned power plants in Bihar for an estimated Rs 21 billion. NTPC took 50 per cent equity stake in Nabinagar Power Generating Company Pvt Ltd (NPGC) and 27.36 per cent Kanti Bijlee Utpadan Nigam Limited (KBUNL) from Bihar State Power Generation Company, which was operating it earlier.

Of this, NPGC was a 50:50 joint venture between the Bihar government and NTPC, set up in 2007. The envisaged capacity of the project is 1,980 MW and is under construction. NTPC is now the 100 per cent equity holder in the project.

The company, in a public statement, said it signed a Memorandum of Understanding (MoU) with the government of Bihar for Company's (BSPGCL) equity in both the projects. Earlier, the NTPC took over operations of Barauni thermal power

project of the Bihar government. The equity transfer would be done later, said the company.

NTPC has been actively looking for brownfield projects to acquire. This February, it issued a tender to take over stressed asset. Only three projects — Bara 1,988 MW (Jaypee Group), Lalitpur 1,980 MW (Bajaj Hindusthan) and Angul 1,200 MW (B C Jindal), Nigrie power unit 1302 MW (Jaypee group) expressed interest. Of these, two are being evaluated, said officials.

Last year, NTPC had signed a non-binding MoU with the Rajasthan government to take over Chhabra thermal power plant. While the total cost of the plant is estimated to be around ₹150 billion, NTPC was supposed to pay around ₹50 billion for the operational 1000 MW. The deal, however, is stuck for political reasons as state elections are due in Rajasthan, later this year, said sources.

A non-binding MoU allows the parties to modify the terms later. The MoU does not stand

in any legal court. NTPC in its public statement said, "The organisations shall execute Binding Agreements based on the detailed due diligence being underway."

There are other riders too. NTPC would just be buying the power assets and the not the coal blocks attached with the power plant. Parsa East and Kanta Basan coal blocks in Chhattisgarh were allocated to RRVUNL in the e-auction of coal mines held in 2015. RRVUNL won the coal blocks by indicating Chhabra power plant as the end-use of these mines. The coal mines are operational and producing and RRVUNL appointed Adani Mining as the Mining Development Operator (MDO) for the mines, last year.

"Coal blocks are not part of the deal, but NTPC would source coal from these mines as RRVUNL would sell the coal," said a senior NTPC executive, requesting anonymity. The cost and power tariff of the upcoming two units of 660 MW each would be decided later, he said.