

ULTRA MEGA POWER PROJECTS

1. Background

Government of India through Ministry of Power launched the initiative of Ultra Mega Power Projects (UMPPs) i.e. 4,000 MW super thermal power projects (both pit head and imported coal based) in November 2005 with the objective to develop large capacity power projects in India. Power Finance Corporation Ltd (PFC) has been appointed as the Nodal Agency to facilitate the development of these projects. Various inputs for the UMPPs are tied up by the Special Purpose Vehicle (SPV) with assistance of Ministry of Power & Central Electricity Authority (CEA). CEA is involved in selection of sites for these UMPPs.

2. Role of the Ministry of Power

The Ministry of Power is playing a crucial role for the development of the UMPPs by coordinating between various concerned Ministries/Agencies of the Central Government, and with various State Governments/Agencies. Some of the key areas requiring the Ministry of Power's intervention include :—

- Coordination with Central Ministries/Agencies for ensuring:
 - Coal block allotment/coal linkage
 - Environment/forest clearances
 - Water linkage
- Required support from State Governments and their agencies.
- Working out allocation of power to different States from UMPPs in consultation with the States. Facilitating PPA and proper payment security mechanism with State Governments/State Utilities. Monitoring the progress of the SPVs with respect to predetermined timelines.

3. Salient features

3.1. The Ultra Mega Power Projects would use Super Critical Technology with a view to achieve higher thermal efficiency, which results in fuel saving and lower greenhouse gas emissions.

3.2. Flexibility in unit size subject to adoption of specified minimum Supercritical parameters.

3.3. Integrated power project with dedicated captive coal blocks for pithead projects.

4. The Bidding Process

For these projects, as per the provisions of the competitive bidding guidelines, a two stage selection process has been adopted. The first stage of bidding involves Request for Qualification (RfQ) containing qualifying criteria for selection of bidders. The RfQ documents submitted by the bidders are evaluated to identify those bidders who will be eligible to participate in the second stage of the process. The second stage of the bidding process invites Request for Proposals (RfP) from the bidders so qualified. After evaluation of the RfP documents, the successful bidder is identified on the basis of the lowest levelled tariff.

5. Selection of Sites for Setting up of UMPPs

Originally nine such projects had been identified to be taken up, 4 at pithead and 5 at coastal locations. Later few more sites are identified on the requests of the State Governments. CEA/ PFC examine the suitability of location in consultation with the States.

6. Concept of Special Purpose Vehicles (SPVs)

PFC is the nodal agency for the development of these projects. As per the proposed provisions of the Standard Bidding Documents (SBDs), the Ultra Mega Power Project (UMPP) would be executed through a two Special Purpose Vehicle (SPV) structure.

- i. **Operating SPV:** To obtain all the statutory clearances & approvals and carry out the bidding process for the project. This SPV at present held by PFC would be transferred to Selected Bidder. at the end of the bidding process.
- ii. **The Infrastructure SPV:** The captive coal block, the total coal block land along with the land required for the construction of the Power Station and corridor shall be held in the name of the Infrastructure SPV. The Infrastructure SPV at present held by PFC shall be transferred to the Procurers at the end of the bidding process and the land required for the

Power Station shall be leased by the Infrastructure SPV to the Operating SPV/Seller. Further, the Infrastructure SPV shall enter into an appropriate agreement with the Operating SPV and appoint the Operating SPV as the Mine Development Operator, so as to enable it, to carry on the mine development operations in the allocated Captive Coal Block Land and utilize the coal mined therein exclusively for the purpose of the Project.

PFC sets up separate two Special Purpose Vehicles (SPVs) for each UMPPs to act as authorized representatives of the procurers (distribution companies of the power procuring States).

The SPVs are responsible for carrying out various activities on behalf of the procurers. Completion of these activities prior to award of the project is considered necessary to enhance the investor's confidence, reduce risk perception and get a good response to the competitive bidding process. Some of the main activities undertaken by the SPVs are:-

- Appointment of Consultants to undertake preparation of Project Report, preparation of Rapid Environment Impact Assessment Report etc.
- Appointment of Consultants for International Competitive Bidding (ICB), document preparation & evaluation
- To carry out bidding process and award of project
- Initiation of land acquisition process for the project
- Allocation of Coal blocks for pit-head projects
- Getting clearance regarding allocation of water by the State Govt. for pithead locations
- Approval for use of sea water from Maritime Board/ other Govt. Agencies for coastal locations

- Obtain clearance from the State Pollution Control Board, initiate forest clearance etc. as are required for the project and for the coal mines, followed by environment and forest clearances from the Central Government.
- Obtaining geological reports/ other related data from CMPDI for the coal blocks.
- Tie up the off-take/ sale of power

7. Role of States

7.1 From the initial step to the final commissioning of the UMPPs, the role of concerned State Governments is of immense importance. In fact, no major activity can be started without a clear identification of a suitable site by the State Government concerned (including water linkage in case of a pit head project).

7.2 After the site identification, the host State and the other power procuring States are required to continue to play a highly pro-active role. In particular, some of the activities in which the concerned States are required to play a decisive role include implementation of the R&R Plan, provide authorization to the PFC/SPV to carry out the bidding process on behalf of the distribution utilities, participate through its representatives in various committees set up for undertaking the competitive bidding process, facilitate signing of the Power Purchase Agreement, ensure proper payment security mechanism with the distribution utilities etc.

8. Status of Ultra Mega Power Projects (UMPPs)

Government of India through Ministry of Power launched the initiative of Ultra Mega Power Projects (UMPPs) i.e. 4,000 MW Super Thermal Power Projects (both pit head and imported coal based) in November 2005 with the objective to develop large capacity power projects in India. Power Finance Corporation (PFC) Ltd. has been appointed as the Nodal Agency to facilitate the development of these projects. Various inputs for the UMPPs are tied up by the Special Purpose Vehicle (SPV) with assistance of Ministry of Power & Central Electricity Authority (CEA). CEA is involved in selection of sites for these UMPPs.

The power generation capacity of each of the existing and proposed UMPP is 4000MW approximately. The fund for UMPP is arranged by the developer of the project which is selected through International Competitive Bidding Route as per the Standard Bidding Document issued by Ministry of Power.

Initially following nine (9) numbers Ultra Mega Power Projects (UMPPs) were proposed to be set up in different states:

- i. **Sasan UMPP in Madhya Pradesh - coal pithead**
- ii. **Mundra UMPP in Gujarat- coastal**
- iii. **Krishnapatnam UMPP in Andhra Pradesh - coastal**
- iv. **Tilaiya UMPP in Jharkhand- coal pithead**
- v. **UMPP in Chhattisgarh- coal pithead**

- vi. **Bedabahal UMPP in Odisha - coal pithead**
- vii. **Cheyur UMPP in Tamil Nadu - domestic coal based**
- viii. **UMPP in Maharashtra- coastal**
- ix. **UMPP in Karnataka - coastal**

In addition to nine UMPPs originally identified, request has come from some of the State governments for installation of additional UMPPs in their States. These are given below:

- i) **Two Additional UMPPs in Odisha**
- ii) **2nd UMPP in Gujarat**
- iii) **2nd UMPP in Jharkhand – Deoghar UMPP**
- iv) **2nd UMPP in Tamil Nadu**
- v) **UMPP in Bihar – Banka UMPP**
- vi) **UMPP in Uttar Pradesh.**
- vii) **2nd UMPP in Andhra Pradesh**

Status of UMPPs

- I. **UMPPs Operational:** Four UMPPs namely Sasan in Madhya Pradesh, Mundra in Gujarat, Krishnapattnam in Andhra Pradesh and Tilaiya in Jharkhand were transferred to the identified developers. Out of the four awarded UMPPs, two UMPPs namely Mundra UMPP and Sasan UMPP are in operation. A brief detail of operational UMPPs is as below:
 - a. **Mundra UMPP in Gujarat:** The project was handed over to the successful Bidder i.e. Tata Power Company Ltd., on 23.04.2007 at the evaluated levelised tariff of Rs. 2.26367/kWh. Mundra UMPP is fully commissioned.
 - b. **Sasan UMPP in Madhya Pradesh:** The project was handed over to the Successful Bidder i.e. M/s Reliance Power Ltd., on 07.08.2007 at the evaluated levelised tariff of Rs. 1.19616/kWh. Sasan UMPP is fully commissioned.
- II. **UMPPs on fast-track:** 02 UMPPs are being fast-tracked for bidding. Various clearances have been taken. The bidding shall be initiated after the issuance of Standard Bidding Documents (SBDs). The status of these 02 UMPPs is as follows:-
 - a. **Bedabahal UMPP in Odisha:** The site for this UMPP is in village Bedabahal in Sundergarh district. RfQ and RfP issued in 2013 were withdrawn. Bidding documents for UMPP are being reviewed by Expert Committee constituted under the Chairmanship of Shri Pratyush Sinha, former CVC, to recommend

the revised Standard Bidding Documents (SBDs) applicable to UMPPs/Case-2. The SBDs are under finalization. Fresh bid would be issued after finalization of SBDs and allocation of coal blocks to the Infra Special Purpose Vehicle (SPV).

- b. MoP vide OM dated 13.03.2021 has conveyed to Ministry of Coal that Ministry of Coal may allocate the Meenakshi, Meenakshi B and Deepside of Meenakshi coal blocks to Mahanadi Coalfields Limited (MCL) and consequently MCL may bear the liabilities arising out of such allocation including the Compensation and provision of jobs to the project affected persons or any consequential liabilities. It has further been informed that Ministry of Power will approach Ministry of Coal for allocation of another coal block as and when the Ultra Mega Power Project (UMPP) is taken up.
- c. **Tilaiya UMPP in Jharkhand:** The project was handed over to M/s Reliance Power Ltd. (RPL) on 07.08.2009 at an evaluated levelised tariff of Rs. 1.770 per kWh. The developer, Jharkhand Integrated Power Ltd (JIPL), (a subsidiary of RPL), has issued notice of termination of Power Purchase Agreement (PPA) on 28.04.2015 citing non transfer of land to the developer by Jharkhand Government. Jharkhand Urja Vikas Nigam Ltd. vide letter dated 19.06.2018 informed that JIPL has been taken over by the procurers from RPL.

III. **UMPPs in pipeline:** 02 UMPPs are under various stages of development. Various clearances, coal block allocation, land allocation are being sought. The status of these 02 UMPPs is as follows:-

- a. **Banka UMPP in Bihar:** A site at Kakwara in Banka District has been identified for setting up of UMPP in Bihar. Infrastructure Special Purpose Vehicle (SPV) namely Bihar Infrapower Limited has been incorporated on 30.06.2015. Operating SPV namely Bihar Mega Power Limited (BMPL) has been incorporated on 09.07.2015.
- b. **Deoghar UMPP in Jharkhand:** A site at Husainabad, Deoghar District has been identified for setting up of 2nd UMPP in Jharkhand. Operating SPV namely Deoghar Mega Power Ltd and Infrastructure SPV namely Deoghar Infra Limited has been incorporated on 26.04.2012 and 30.06.2015 respectively.

IV. **UMPPs stalled due to various reasons:**

- a. **Cheyyur UMPP in Tamil Nadu:** The site at Cheyyur in Kanchipuram district in Tamil Nadu has been identified along with captive port at Panaiyur village. Cheyyur UMPP was originally envisaged to be setup on imported coal. However, recently Ministry of Power is examining the possibility of setting up Cheyyur UMPP on domestic coal instead of imported coal. Ministry of Coal has been requested to allocate suitable explored coal block. All the procurers including TANGEDCO have decided to opt out from the Project. TANGEDCO

is considering to use the acquired land for some other project, beneficial for state by taking over the SPV (Coastal Tamil Nadu Power Limited).

- b. **Krishnapatnam UMPP in Andhra Pradesh:** The project was handed over to Reliance Power Ltd. (RPL) on 29.01.2008 at the levelised tariff of Rs. 2.33/kWh. The developer has stopped work at site, citing new regulation of coal pricing in Indonesia. Lead Procurer has issued termination notice to the developer. Delhi High Court has issued judgment in the case on 15.01.2019 and has dismissed the appeal by Coastal Andhra Power Limited (CAPL) finding no merit in the appeal. MoP forwarded the RPL request for procurers meeting to finalize the modalities of transfer of CAPL from RPL to PFC consequent upon termination of PPA. PFC has requested the Transmission Corporation of Andhra Pradesh Limited that Andhra Pradesh (Lead Procurer) may like to convene all procurers meeting for Krishnapatnam UMPP for further course of action.

V. **UMPPs being considered for Closure:** MoP vide OM dated 26.07.2019 and 08.04.2020 has informed the procurers of below mentioned 06 UMPPs that the activities with respect to the said UMPPs are not progressing at all for a considerable time due to various reasons and had requested for the confirmation from the State Governments of the procuring States for closure of UMPP.

- a. **2ndUMPP in Odisha:** At Bijoypatna in Chandbali Tehsil of Bhadrak district.
- b. **3rdUMPP in Odisha:** At Narla & Kasinga sub division of Kalahandi district.
- c. **UMPP in Uttar Pradesh:** In Etah district.
- d. **Karnataka UMPP:** In Niddodi village of Mangalore taluka Dakshina Kannada District.
- e. **2nd UMPP in Gujarat:** In Gir Somnath District.
- f. **2nd UMPP in Tamil Nadu:** Near Nagapattinam.

VI. **UMPPs closed:** 2nd UMPP in Andhra Pradesh, UMPP in Chhattisgarh and UMPP in Maharashtra have been closed.
