

ULTRA MEGA POWER PROJECTS

1. BACKGROUND:

PFC has been entrusted with the task of floating five generation Special Purpose Vehicles (SPVs), and also to take the lead role in developing these SPVs to a stage from where these can be transferred to potential investors thereby reducing initial time, as conceived by MoP. CEA has been identified to provide technical inputs in site selection and identifying fuel and water linkages.

2. OBJECTIVE:

Initially, five projects have been identified each to be taken up by a shell company or SPV. These five SPVs are there to take up various preparatory activities at different sites, e.g. initial and detailed survey, site selection, fuel tie-up, expediting various clearances, preparation of Project Report along with plant layouts and detailed investigations etc. to bring the project to a stage of readiness for handing over to the developers.

Once the major tie-ups, clearances, linkages and project report are ready, bids will be invited to transfer the projects to potential investors for execution of project. These projects are intended to be transferred to a potential investor (or group of investors) through competitive bidding based on least tariff quoted.

3. MANAGEMENT STRUCTURE:

PFC has designated a core team to coordinate all activities related to the Ultra Mega Projects. A senior executive has been appointed as Chief Executive for each SPV. The primary role of the core team will be to perform the initial ground work for various projects including formation of different Shell Companies (SPVs) by registering them simultaneously.

The SPVs will carry out site visits in coordination with CEA and Ministry of Coal etc. to narrow ideal locations for power plant having proximity to water source and coal blocks for pit head locations as well as port facility for coastal locations. Various surveys and studies will be taken up by the core team through the consultants appointed for each assignment. Finally, the SPV will invite EOI for exploring the prospective bidders and invite bids based on tariff quoted. The SPVs will be transferred to the successful bidders along with all assets and liabilities.

4. FORMATION OF SPVS:

Five potential Ultra Mega Power Project sites have been identified. The prospective projects are in the states of Madhya Pradesh and Chattisgarh for Pit Head locations and in Gujarat, Maharashtra and Karnataka for coastal locations.

The names of the five SPVs are:

- (i) Sasan Power Limited (Madhya Pradesh)
- (ii) Akaltara Power Limited (Chattisgarh)
- (iii) Coastal Gujarat Power Limited
- (iv) Coastal Maharashtra Power Limited
- (v) Coastal Karnataka Power Limited

These SPVs will be wholly owned subsidiaries of PFC. Presidential approval required as per **Clause 85 (b) (iv)** of Articles of Association of the Power Finance Corporation has been received.

5. SURVEYS AND STUDIES

The core team comprising of employees of PFC and CEA has carried out the initial work on site selection, water availability and fuel linkages and identification of fuel blocks.

Due to wider expertise requirement, some of these activities such as survey, geotechnical investigation, hydrological, seismic, oceanographical studies, fuel transportation study, environmental studies, power evacuation and load flow study, grid tolerance/ system stability and any other statutory clearances etc. are being outsourced by appointing consultants having adequate experience and exposure in the respective fields. The assignment of making a feasibility report and carrying out surveys and studies will be given to qualified consultants.

6. FINANCIAL COMMITMENTS:

Initial expenses required to set up SPVs as well as other expenses required to carry out various activities will be incurred by PFC in the form of equity or loan. Subsequently PFC may also provide term loan to these SPVs for the proposed power project as per its policy.