

# PFC, REC to extend ₹8660 cr loan for OPGC expansion

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**O**disha Power Generation Corporation (OPGC), a joint sector company of the Odisha government and AES of USA, has tied up the funds for 1320 Mw expansion project at its 420 Mw Ib Valley power station.

Two Central PSUs- Power Finance Corporation (PFC) and Rural Electrification (REC), have jointly agreed to equally share ₹8660 crore loan component of the expansion plan whose total cost is pegged at ₹11,547 crore.

The project is being funded on a debt equity ratio of 3:1. The equity component of ₹2880 crore will be borne by OPGC. The Odisha government holds 51 per cent stake in OPGC with AES having the rest 49 per cent shares.

OPGC today signed a loan agreement with PFC and REC. The construction work on the expansion plan is expected to take off in April 2013 with the commissioning scheduled during the 12th Plan period.



(From left): Venkatachalam K, managing director-Odisha Power Generation Corporation (OPGC), Satnam Singh, chairman and managing director, Power Finance Corporation (PFC), P K Jena, Odisha energy secretary and Arun Kumar Sahoo, state energy minister

PHOTO: CHAUDHURY RAJNARAYAN

P K Jena, Odisha's secretary (energy) said, "The state share from the expansion will be 660 Mw for which power purchase agreement (PPA) has been already signed with Grid Corporation of Odisha (Gridco). The project has got all statutory clearances. We have got a very competitive price for BTG (boiler-turbine-generator) tenders. Tenders for balance of plant equipment are expected to be finalized before January-end.

Physical construction of the power plant will from April-May 2013."

Ajit Agarwal, director (finance), REC said, "We have attached high importance to OPGC's expansion project. REC has an exposure of ₹4330 crore which is one of the highest among all power projects financed by us. Our loan amount is for a tenure of 20 years. We are providing this loan below our normal rate of 35 basis points."

Speaking on the occasion, Venkatachalam K, managing director, OPGC said, "OPGC has achieved all major milestones for its expansion project. The total project cost is Rs 11547 crore which includes cost of coal block development and dedicated rail corridor to be laid from Hingir to Banharpalli, the site of our power project".

The Ministry of Coal has allocated Manoharpur and dip side of Manoharpur coal blocks for catering to OPGC's expansion plan.

It is projected that the coal mine would be in a position to achieve full capacity production two years after the commissioning of the power plant.

The development of the coal blocks were affected due to the classification by Union ministry of environment & forests (MoEF) as 'No-Go' category which were reclassified into 'Go' category only in June 2011.

This had prompted the state government to seek tapering coal linkage to support the OPGC expansion.