
DVC to form JV with Neyveli Lignite for Raghunathpur plant

Damodar Valley Corporation (DVC) has decided to bring its 2×600 MW Raghunathpur thermal power project under a joint venture with Neyveli Lignite Corporation (NLC), offering NLC 74% stake while retaining 26% with itself.

DVC chairman Andrew WK Langstieh said the two units of 1200 MW Raghunathpur project have already started commercial operation on March 31 this year but the DVC has power purchase agreements of only 550 MW. NLC, which is yet to set up a new thermal power unit, has PPAs of 650 MW in Karnataka. So both the corporations have decided to form a JV following clearances from the power and coal ministries, Langstieh said.

“This will be a win-win deal for both of us. We have the project and generation but lacking required PPAs but NLC has PPAs but no project and generation,” Langstieh said.

DVC is a three-way venture of the Union, Jharkhand and West Bengal governments. While DVC is a statutory body under the ministry of power, NLC is a company under the ministry of coal. Langstieh said the JV will also obtain a comfort or no objection letter from the Karnataka government to fulfill the PPA obligation of drawing power from the Raghunathpur unit. “We would rely on Central Electricity Regulatory Commission (CERC) to determine the cost of the 74% stake, since the cost of the stake would be based on the tariff realised,” Langstieh said.