



Business Line, Hyderabad Thursday, October 15, 2015

11/16/2015

GAIL, NTPC, banks to pump ₹2,000 cr into Dabhol | Business Line

THE HINDU BusinessLine

GAIL, NTPC, banks to pump ₹2,000 cr into Dabhol

Alka Kshirsagar

To raise capacity, upgrade LNG terminal

Pune, October 15:

Both GAIL and NTPC are to pump ₹500 crore each into the separate company formed to take care of the liquefied natural gas (LNG) business of the former Ratnagiri Gas and Power Pvt Ltd (RGPPL), while a consortium of banks will invest another ₹1,000 crore.

The total investment of ₹2,000 crore (lenders will put in the rest) will be used to raise the present capacity of the LNG terminal at Dabhol to 5 million tonnes by 2018. It will also enable upgrading of the plant system (as of today built to supply low-pressure gas for the power plant) and facilitate building of a breakwater that will ensure that the terminal can operate throughout the year, GAIL Chairman and Managing Director BC Tripathi has said.

“Dabhol (terminal) has again started operation after the monsoon, and the first cargo of LNG from British Gas was received a couple of days ago. It is operating at 25-30 per cent capacity right now, and it will go up further,” he said.

Tripathi added that the immediate target was to revive and upgrade the terminal and raise its capacity to five million tonnes per annum (for which it has been built) from the current three million tonnes.

While half of the ₹2,000-crore for this will be shared equally by GAIL and NTPC, the remaining amount will be financed by SBI, IDBI, ICICI, Canara Bank and a small portion from IFCI. There is also a long-term plan to further raise the capacity of the LNG terminal to 10 million tonnes as the basic work has already been done and this would call for a further investment of ₹3,000 crore, Tripathi said.

“It will take another two years for the terminal to operate fully. The LNG being imported will be used for production of power and will also be supplied to the market. Currently, around 0.7 million tonnes is being used by the power block and the terminal is supplying 6 standard cubic meters per day to industry and consumers like MNGL,” he stated.

Tripathi is hopeful that in another two years the breakwater will be in place and the terminal will be operating throughout the year. Right now, it does not operate during the monsoon because of the rough weather.

For supply of LNG, mid-term agreements with several global players have been signed for the next year and purchase will also be made through spot buying.

Earlier this month, Union Power Minister Piyush Goyal announced that RGPPL's 1,967 MW power plant at Dabhol in Ratnagiri, which has been shut for several months as there was no gas to operate it, will be revived.

The board has approved the company's split entities, which will independently operate the LNG and power businesses.

Power production from here is to begin on November 1 and the 500 MW generated is to be sold to the Railways.

(This article was published on October 15, 2015)