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SAC Approves Package For 624 MW Kiru HEP With State-centric Improvements; Project Likely To Be Sanctioned By GoI In 10 Days

04 January, 2019, By Cross Town News

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JAMMU, JANUARY 4: The State Administrative Council (SAC) which met here today under the chairmanship of Governor, Satya Pal Malik accorded sanction to a set of exemptions for making the 624 MW Kiru Hydro Electric Project (HEP) commercially viable.

The Kiru 624 MW HEP is a run of the river scheme on river Chenab located in District Kishtwar. It is one of the most important HEP being implemented through M/S CVPPL, a Joint Venture Company formed between NHPC (49%), JKSPDC (49%) and PTC (2%).

To make the project commercially viable, proposal for granting various exemptions to the project was thoroughly examined by the various departments. After extensive deliberations, it was decided that instead of exemption of 12% free power for first 10 years of the COD of the project as was done in case of PakDul HEP, free power will be exempted in a decremental manner for the first five years of commercial operation of the project and will restore to 12% from 6th year onwards. Thus, free power will be exempted at 10% in the first year, 8% in the second year, 6% in the third year, 4% in the fourth year and 2% in the fifth year of commercial operation of the project. The 12% free power will restore from the sixth year onwards of the commercial operation of the project.

Pertinently, in case of 1000MW PakalDulHydropower Project approved by the then Government in 2017, the state will get 12 percent free power and water usage charges only after 10 years of commissioning of the project while in case of Kiru HEP, 12% free power will be restored to J&K in the 6th year only in a decremental order starting from the first year of operation.

The total project cost works out at Rs 3985.10 crore and equity requirements from the Government of J&K shall be Rs 585.80 crore for the project. The cost of the project will include subordinate debt of Rs 1500 crore from Government of India.

The State will earn revenue of about Rs 4153.57 crore (in absolute terms), on account of incremental

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free power for first five years and 12% from 6th year onwards and Rs 4800.78 crore on account of water usage charges, aggregating to Rs 8954.35 crore for the remaining life of 25 years of the project.

In addition, there shall be LADF@1% of power generated and CSR @2% of the average net profit for preceding three years which is equivalent to Rs 499.81 Crore for the life of the project.

Tariff of the project shall be approximately Rs 3.38/unit (first year) and Rs 3.91/ unit leveled.



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