

# Teesta Urja Limited's (TUL) Sikkim 1200 MW Hydro Power Project Teesta-III to go on stream from June 2013

/EINPresswire.com/ • Sikkim Power Investment Corporation Limited obtains 26% shareholding in the project

- Industry Analysts endorse the project potential highlighting the abundant water supply with the melting Himalayan glaciers in summer

Gangtok, India : With the ending of the long standing dispute between the Sikkim Government and [Teesta](#) Urja Limited over the state government's share holding in one of the largest hydel projects, Teesta-III is all set to on stream from June this year.



Surge Shaft Excavation

Surge shaft excavation

Men and machines are racing against time to ensure that project work is completed as per current schedule and provide virtually free power to Sikkim and supply to four northern States – Delhi, UP, Haryana and Rajasthan - which reel under chronic power shortages.

The Sikkim Government, through Sikkim Power Investment Corporation Limited, obtained 26% share holding in the SPV that is executing the 1200 MW Teesta-III [hydro power](#) project – the largest in the six cascade projects on the Teesta river run, a person associated with the development said.

[Teesta Urja](#)'s Board of Directors has already approved the transfer of 29,64,00,000 partly paid shares held by Athena Projects Private Limited in favour of SPICL.

The state government has, meanwhile, withdrawn its case against TUL following the amicable settlement paving the way for taking the project back on track.

The first unit will begin to produce power by June. As much as 99.2% of Tunneling Works was already completed (around 34.4 Km out of total 34.6 Km). The Excavation of 13.824 Km of Head Race Tunnel is also complete.

REC and PTC are among the big lenders to the project while a consortium of six PE players led by Morgan Stanley have pumped in Rs 750 crores signaling the FDI into country's hydro power projects.

This was considered to be the largest PE transaction in the country's power sector. Besides Morgan Stanley, the group of investors includes Everstone Capital, General Atlantic, Goldman Sachs Investment Management and Norwest Venture Partners.

Experts say Sikkim sets the new trend for developing hydro-power projects as the country is blessed with bounty of rivers flowing from Himalayan glaciers during summer when the power consumption is at its peak. Development of hydro power projects along the Himalayan river course, thus, could be a win-win situation for the people and the governments.

Leading analyst Mr. Sudip Bandyopadhyay, MD and CEO of Destimony Securities, said: "With potential FDI availability, including possible World Bank support, many similar projects can be successfully established along the Himalayan rivers."

Mr. Nilesh H Karani, Head of Research at Magnum Equity Broking, pointed out: "Himalayan glaciers melt in summer and the rivers supply adequate water for hydel projects in the region. Teesta stands out as good example of harnessing the hydro power."

Mr Bandyopadhyay explained that "Hydro-electricity is one of the leading sources of clean energy. For an energy starved nation like India which has been blessed with enough rivers, the potential of generating hydro-electricity in a cost effective manner is significant.

"At present with only 40% of Hydro power potential being tapped, India as a country has a huge scope of exponentially increasing hydel power capacity and reducing pollution through this clean and green power," he pointed out Power produced to be transmitted till Kishenganj through 400 KV DC line to be constructed by Teesta valley Power Transmission, a JV between Teesta Urja Ltd and Power grid Corporation of India Limited (PGCIL). PGCIL is to wheel the power to the beneficiary states in the northern region beyond Kishenganj.

A World Bank report notes that severe power shortage is one of the greatest obstacles to India's development. Over 40 percent of the people -- most living in the rural areas -- do not have access to electricity and one-third of Indian businesses cite expensive and unreliable power as one of their main business constraints, it says.

Poor electricity supply thus stifles economic growth by increasing the costs of doing business in India, reducing productivity, and hampering the development of industry and commerce which

are the major creators of employment in the country, it says.

Power sector analysts say hydro power projects are zero pollutant, as compared to thermal projects which reportedly contribute to half of global carbon emissions and India relies on thermal power to the extent of 60% of its consumption today. Even the cost of raw material – water – is nil.

The government admits India's failure to tap hydel power. In a written reply to a question in Lok Sabha, the Minister of State for Power Mr K.C. Venugopal said out of the identified capacity, 33320.8 MW i.e. 22.93% has so far been developed and another 15130 MW i.e. 10.41% of is under development. He said that about 66.66% of the identified potential is yet to be developed.

Experts say increasing hydro power generation capacity would help in strengthening India's energy security. "Given India's tight domestic coal supply and increasing reliance on imported coal, hydro capacity provides the country with greater energy security,". As per a recent HSBC Global Research Paper, the hydro power situation of the country can be termed as Water Gold !

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